

The complaint

Mr F complains that Cofunds Limited failed to fully acknowledge its responsibility for financial loss due to delays during the process of arranging an ISA transfer from a third party. He is unhappy that compensation Cofunds has paid him is insufficient redress overall as it doesn't take into account investment loss arising from a further period of delay Cofunds says it wasn't responsible for.

What happened

On 23 December 2020, Cofunds received Mr F's ISA transfer request authority enabling Cofunds to request transfer of his cash ISA from a third party to Cofunds. The transfer to Cofunds completed on 24 February 2021 and on 25 February 2021 Cofunds invested the money, applying the cash towards acquisition of assets, in line with Mr F's instructions.

Mr F complained to Cofunds that he'd been financially disadvantaged as a result of how long the transfer had taken. There was an exchange of correspondence. Cofunds partly upheld Mr F's complaint. It apologised for the level of service it had provided to Mr F and the inconvenience he'd been caused as a result of Cofunds' failure to handle his transfer request within its normal timescales. Mr F had asked Cofunds to correct his position backdated to 1 February 2021. Cofunds said it wasn't accountable for any delays after 11 January 2021, when it sent the transfer request to the third party. Cofunds paid £408.71 to Mr F's ISA wrapper in respect of investment loss. It also paid him £500 compensation to reflect shortcomings in the service it had provided in connection with this complaint and also two other complaints Mr F had raised with Cofunds (which I am not considering here).

Mr F didn't feel this went far enough to resolve things. Mr F calculated he made a loss of around £866 compared to the position he would have been in if his funds had been invested on 1 February 2021, the date he feels it's reasonable to say Cofunds should have been able to invest had it handled the matter without avoidable delay.

Mr F brought his complaint to us and one of our investigators looked into what happened.

Our investigator felt that Cofunds hadn't shown that it sent the transfer request on 11 January and that it was fair and reasonable to expect Cofunds to compensate Mr F's ISA account so that his holdings represent the value he would now have if the funds had been invested on 1 February 2021.

Mr F agreed with the investigator.

Cofunds disagreed with our investigator asked for an ombudsman to consider and review this complaint - so it comes to me to make a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same conclusion as our investigator. I'll explain my approach and how I've reached my decision.

Cofunds has already partly upheld Mr F's complaint and made payments to Mr F to reflect financial loss as well as distress and inconvenience. But this didn't include taking into account the period of delay between 11 January, when Cofunds said it posted the transfer request to the third party and 15 February, when it emailed the transfer request to the third party. Cofunds said it isn't responsible for third party delays and its transfer process doesn't include chasing up transfer requests.

The crux of Mr F's complaint is that Cofunds could and should have done more to follow up the initial transfer request and, had it done so, the matter ought to have been completed by 1 February at the latest. He wants additional redress to cover the investment loss suffered as a result.

It seems to be accepted by everyone that the transfer ran its proper course after 15 February and was concluded within normal timescales from that point.

So, I'm mainly concentrating in my decision on the extent of any liability on Cofunds' part for what happened between 11 January and 15 February 2021.

I must look at all the available information and decide what I think is most likely on a balance of probabilities. This can mean making some reasonable assumptions where there's only limited information. And I must be impartial. There's more information on our website which explains the Financial Ombudsman Service approach.

I've taken into account that Cofunds has consistently said it posted the original transfer request to the third party on 11 January 2021. Unfortunately, it has proved difficult for Cofunds to provide enough evidence to show that this actually happened. Checks made with the third party show no such communication was received from Cofunds. I have no good reason to question the reliability of that information. The third party actioned the transfer request promptly upon receipt of Cofunds' email sent on 15 February so it's likely that it would have actioned any earlier transfer authority it had received.

I've also considered the possibility that the original transfer authority might have been successfully despatched by Cofunds and was lost in the post. But Cofunds hasn't told me that it was ever received back through the returned mail system so, on balance, that seems less likely to me to have been what happened.

Based on everything I've seen and been told, I find that it's most likely that Cofunds' mail system did not successfully despatch the original transfer authority to the third party on 11 January 2021 when Cofunds thought this had happened.

It would make no significant overall difference to the outcome of my decision even if it had successfully posted the transfer authority when it thought it had. In view of the admitted delays and service failings up to that point, acknowledged by Cofunds and in respect of which it has apologised and paid redress, I think the onus was on Cofunds to actively take steps to limit further avoidable delay.

There's an expectation that ISA transfers should generally complete within 30 days or so and it is good industry practice for the acquiring provider to check with the old provider if nothing is heard within 10 days. Mr F had given Cofunds his ISA transfer request authority on 23 December 2020 and Cofunds has said it should have written out to request the transfer by 29 December. Not only did this not happen, Cofunds said there were also administration errors. So the fact alone that its transfer process didn't include following up

transfer requests isn't a reason for me not to uphold this complaint. I am looking at what it's fair and reasonable to expect Cofunds to have done in this particular situation.

Even allowing for seasonal holiday dates, I think Mr F was reasonably entitled to expect Cofunds to have completed matters by the end of January 2021. For this reason, especially as it was responsible for not having actioned the request as promptly as it should have done, I find Cofunds ought fairly and reasonably to have realised it needed to monitor the progress of this transfer request closely when it was clear it was taking longer than it should. The transfer was done with reasonable expedition once Cofunds emailed the third party on 15 February when prompted to do so by Mr F's phone call a few days earlier.

This leads me to conclude that Cofunds could have prevented delays arising if it had done more to keep on top of what was happening after 11 January. For instance, by sending email notification to the third party to confirm it was posting the transfer request and/or checking that the transfer it thought had been sent was safely received by the third party – sensible, quick, simple and easy steps to take. For these reasons, I find Cofunds should pay Mr F redress to reflect the delay between 11 January and 15 February which was avoidable had it acted fairly and reasonably when handling his ISA transfer.

I've carefully taken into account the frustration and worry Mr F undoubtedly experienced as a result of Cofunds's service failings and the extra trouble he was put to having to chase things up in order to progress the transfer. It isn't clear exactly what proportion of the £500 redress Cofunds has already paid is specifically intended to provide redress for this particular complaint. But overall, it is a substantial sum, Mr F hasn't said he's unhappy with it and I think it's sufficient, broadly speaking, to adequately reflect the worry and inconvenience Mr F experienced as the result of Cofunds failure to process his transfer authority until his ISA money was received by Cofunds on 22 February and the transfer successfully completed within the next few days.

Cofunds also needs to take steps to put things right in terms of investment loss. Mr F invested his funds on 25 February 2021 when his cash ISA transfer completed. I have found that Mr F was fairly and reasonably entitled to expect this transfer should have been completed by 1 February 2021 – and had that happened, I find he would have invested then if he'd been in a position to do so.

So, to put things right, Cofunds should work out and pay Mr F further compensation as necessary to put him in the position he would be in now if he'd been able to carry out his planned investment on that date.

Putting things right

Cofunds should compensate Mr F's ISA account so that his holdings represent the value he would now have if the funds had been invested on 1 February 2021. Cofunds should set out its workings in a way that's understandable and show Mr F how it has made its calculations.

My final decision

I uphold this complaint and direct Cofunds Limited to pay Mr F as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 2 March 2023.

Susan Webb
Ombudsman

