

The complaint

Mr C complains that St James's Place Investment Administration Limited (SJP) caused a delay when he was transferring his stocks and shares ISA to a new provider.

What happened

Mr C held a stocks and shares ISA with SJP. In late 2020 he wanted to transfer it to a different provider. He submitted his transfer request to his new provider on 29 November 2020 however the transfer didn't complete until 17 March 2021. Mr C has complained about both SJP and the new provider about the delays. This decision is about any delays SJP may have caused. For clarity, I will include a timeline of activity.

Timeline

29 November 2020 – Mr C makes a transfer request to the new provider.

30 November 2020 – New provider made a valuation request and initiated the transfer on an electronic transfer system that both SJP and the new provider use.

1 December 2020 – the transfer was rejected. Mr C and the new provider confirm that the reason for the rejection was the account number being incorrect. The new provider called Mr C to ensure the details were correct and additional attempts were made on the system on 3 December 2020 and 22 December 2020.

5 January 2021 – The new provider emails SJP to say it has attempted the transfer via the electronic system and asked the check the ISA reference number.

14 January 2021 – SJP sends a letter to the new provider saying it cannot correspond by email due to security reasons and confirmed it didn't have a transfer request.

18 January 2021 – the new provider calls SJP to continue to chase the transfer and SJP says nothing is showing electronically and to make the request manually and only by post.

22 January 2021 – date stamp shows the new provider sent the transfer request to SJP in the post.

25 January 2021 – SJP sends a letter to the new provider with the valuation.

1 March 2021 – Valuation received by the new provider and it accepted the same day by post. It's worth noting that the new provider chased SJP twice during this period but it appears the valuation wasn't received for so long due to postal delays. Mr C asked SJP specifically to send the funds to the new provider by BACS and not cheque.

4 March 2021 – SJP receives the valuation acceptance from the new provider.

9 March 2021 – SJP sends ISA history forms to the new provider. It also sends funds via a cheque. After queries and a cancellation of the cheque the funds are transferred by BACS on 15 February 2021. The transfer completes on 17 February 2021.

Mr C complained to SJP who paid £250 compensation for sending the funds by cheque initially when it had said it would transfer using BACS. It didn't address any of the delays. I sent my provisional decision upholding this complaint on 13 July 2022. The following is an extract from my provisional decision and forms part of this decision:

“What I’ve provisionally 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 a different outcome to our Investigator. I’ve looked to see whether SJP was responsible for any delays, and I think that it could’ve done more to assist Mr C and because it didn’t, he experienced unnecessary delays. I’ll explain why.

Mr C’s main issue is that he was waiting around 15 weeks for a transfer and can’t understand why this was. It’s now clear to me that the issue was with the background account validation changes made by the electronic transfer system provider. I accept that this isn’t something SJP had control over. However, it did have control over what it communicated to the new provider and Mr C after it found out about the issue.

SJP has provided me with emails between it and the electronic transfer system provider. It’s clear from this that there was an issue SJP wasn’t made aware of – the reference numbers had changed on the system to just the numbers without the “ISA” prefix. Once SJP was made aware of this, it made sure it was amended. I can see in the emails that SJP gave examples of a number of electronic transfers that were rejected – the examples were all from the new provider. So, it’s clear to me SJP was aware of the issue and ensured it was fixed.

However, SJP didn’t update its admin team, and therefore neither the new provider or Mr C knew why the original transfers hadn’t gone through. They had been using the correct transfer numbers both times and were just told it wasn’t valid. SJP said it told Mr C and the new provider to put the request through again. This happened on 22 December 2020, however as the new provider didn’t know why the original requests hadn’t gone through, it attempted the reference without the “ISA” prefix. SJP has explained this is why this last attempt was rejected. And that it would’ve gone through had they used the full reference that they used in the previous attempts. Interestingly, had the new provider taken out the “ISA” prefix in the earlier attempts these would’ve gone through. However, I think that SJP had enough information prior to the last attempt to have informed both Mr C and the new provider that the next attempt should be done using the full reference.

I appreciate that SJP feels that it gave the right advice in suggesting the transfer gets attempted again. But, without giving the background information I’m not surprised the new provider and Mr C tried something different. If SJP had shared the information it was aware of regarding the earlier transfers, I think that it’s likely the new provider would’ve put the transfer through with the original reference a third time on 22 December 2020 and that this would’ve been processed. As such, I think Mr C’s transfer request would’ve been accepted on this date and processed in line with the normal 30 day timescale.

The additional delays once the valid transfer instruction was received in the post seem to be due to the postal system. However, had SJP given the information about the electronic transfer system then I don’t think any of these delays would’ve happened – because the transfer would’ve gone through electronically.

I can see Mr C accepted the £250 compensation for the error SJP made in sending a cheque in the first instance. I agree with our Investigator that this is a fair level of compensation and as it hasn't been disputed I won't comment on it further.

Putting things right

Had SJP shared its information about why the first two transfers were rejected I think it's likely the third electronic transfer would've gone through correctly on 22 December 2020. With this in mind, I intend to direct St James's Place Investment Administration Limited to do the following:

Put Mr C in the position he'd have been in had his electronic transfer on 22 December 2020 been accepted. I can't be sure when the transfer would complete but I've taken 30 calendar days as this is the timeframe that ISA providers aim for. So, I think it's reasonable to say the cash from Mr C's ISA would've been received and applied to his new ISA on 21 January 2021. I've also assumed similar timescales in terms of when Mr C's funds with SJP were actually sold, how long it took for the money to be transferred and how long it took for Mr C to invest in a fund in his new ISA. The dates I've used are as follows:

- *19 January 2021 – sale of the SJP funds – this represents two days prior to the completion date. I can see that SJP sold Mr C's holdings two days prior to the transfer of funds (which was done erroneously by cheque in the first instance) but I feel it represents a reasonable point in the transfer process for the purposes of calculating redress.*
- *25 January 2021 – purchase of units in Mr C's new ISA. I can see that he purchased units two days after the funds were applied to his ISA. I've assumed the same timeframe here but two days (23 January 2021) leads to a Saturday, so I've taken the next working day as a reasonable point for the purposes of calculating this redress.*

With this in mind SJP should calculate the following:

- *What the value of Mr C's SJP holdings would've been worth had they been sold on 19 January 2021 rather than when they were sold on 9 March 2021. If the value of the holdings was less than what Mr C received no redress for this part is due. However if there is a loss SJP should:*
 - *Compare what units Mr C could have bought in his new ISA (specific fund included in the cover letter of this decision) on 25 January 2021 to what he actually purchased on 19 March 2021.*
 - *Arrange with his new ISA provider for any units he may have lost out on to be purchased and placed within his new ISA. If Mr C has used up his ISA allowance for the year SJP should consult with HMRC to ensure Mr C doesn't lose out and explore applying the additional units by way of restitution.*

Mr C would've had his SJP ISA account close earlier and his new account open quicker. SJP should pay Mr C the difference he's paid in account fees from 21 January 2021 to when his SJP account closed. He's confirmed his new ISA provider charges 0.22% annually."

Mr C didn't make any additional comments. SJP responded to ask whether I'd taken account of its email it sent to me prior to the provisional 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.

Firstly I'd like to assure SJP that I had taken account of its email it sent in response to my information request. I expressly referenced the points it made in the background of my provisional decision. For clarity here is the extract:

"When this complaint was passed to me, I sent SJP a request for information. It has responded and has explained the following:

- *It hadn't received a valid transfer instruction until it received the postal instruction.*
- *The reason the electronic transfers were rejected the first two times were due to the account validation being changed in the background by the electronic transfer system. It only became aware of this on 7 December 2020 as it had seen many transfer rejections. It didn't update its admin team at the time.*
- *The third transfer attempt on 22 December 2020 would've gone through had the correct account number been used – but the new provider left out the "ISA" prefix. So it's original suggestion of trying to put it through again was the right one.*
- *It isn't responsible for delays as the last electronic transfer would have worked had the new provider used the right reference. It provided the new provider with a pre-paid envelope to help assist the transfer and from that point all delays were due to things outside of SJP's control."*

It was because of this information that I reached the outcome that SJP could've done more, and had it shared information that it had about the background account validation changes, it's likely Vanguard would've included the "ISA" prefix for its third attempt on 22 December 2020 and the electronic transfer would've been accepted.

As neither party has provided any additional evidence for me to consider I've reached the same outcome for the reasons I've set out in my provisional decision (relevant extract above which forms part of this decision). I uphold this complaint.

Putting things right

Had SJP shared its information about why the first two transfers were rejected I think it's likely the third electronic transfer would've gone through correctly on 22 December 2020. So, I direct St James's Place Investment Administration Limited to do the following:

Put Mr C in the position he'd have been in had his electronic transfer on 22 December 2020 been accepted. I can't be sure when the transfer would complete but I've taken 30 calendar days as this is the timeframe that ISA providers aim for. So, I think it's reasonable to say the cash from Mr C's ISA would've been received and applied to his new ISA on 21 January 2021. I've also assumed similar timescales in terms of when Mr C's funds with SJP were actually sold, how long it took for the money to be transferred and how long it took for Mr C to invest in a fund in his new ISA. The dates I've used are as follows:

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With this in mind SJP should calculate the following:

- What the value of Mr C's SJP holdings would've been worth had they been sold on 19 January 2021 rather than when they were sold on 9 March 2021. If the value of the holdings was less than what Mr C received no redress for this part is due. However if there is a loss SJP should:
 - Compare what units Mr C could have bought in his new ISA (specific fund included in the cover letter of this decision) on 25 January 2021 to what he actually purchased on 19 March 2021.
 - Arrange with his new ISA provider for any units he may have lost out on to be purchased and placed within his new ISA. If Mr C has used up his ISA allowance for the year SJP should consult with HMRC to ensure Mr C doesn't lose out and explore applying the additional units by way of restitution.

Mr C would've had his SJP ISA account close earlier and his new account open quicker. SJP should pay Mr C the difference he's paid in account fees from 21 January 2021 to when his SJP account closed. He's confirmed his new ISA provider charges 0.22% annually.

My final decision

For the reasons I've explained, I uphold this complaint. St James's Place Investment Administration Limited must carry out the instructions I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 September 2022.

Charlotte Wilson
Ombudsman