

The complaint

Mr K complains that £25 compensation paid to him by Vanguard Asset Management, Ltd is inadequate in respect of admitted delays when transferring his cash ISA from another financial services provider. He was charged an account fee for Vanguard's poor service and he feels the significant distress and inconvenience he was caused warrants a compensation payment of around £300.

What happened

Mr K initially sent his transfer request to Vanguard on 26 December 2021. On 29 December 2021, Mr K completed an ISA transfer authority enabling Vanguard to request transfer of his cash ISA from a third party financial business to Vanguard. The transfer completed on 31 January 2022 when Vanguard received a cheque for the transfer amount.

Mr K complained to Vanguard about how long the transfer had taken.

Vanguard upheld Mr K's complaint. It acknowledged it had been responsible for delays processing his transfer and for this, it paid £25 into Mr K's bank account by way of an apology. Vanguard said feedback had been provided about concerns Mr K had raised concerning the tone used in its dealings with him.

Mr K didn't feel this went far enough to resolve things and so he brought his complaint to us and one of our investigators looked into what happened.

Our investigator felt that the redress paid by Vanguard wasn't enough to reflect the full extent of the impact on Mr K of Vanguard's service failings and recommended that Vanguard should pay Mr K a further £75 for the trouble and upset it was responsible for causing him. She didn't identify any investment loss so she didn't recommend that Vanguard needed to do anything more.

Mr K disagreed with our investigator asked for an ombudsman to consider and review his 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.

As far as I can see, there's no dispute about the background facts, including the timeline of events, and Vanguard has upheld Mr K's complaint. So, I've concentrated on the question of fair redress, which is Mr K's main concern now and the reason he has requested an ombudsman referral.

We provide an informal complaints handling service and this is reflected in the way I've approached the complaint. I might not mention everything Mr K has brought to my attention, but I will comment on everything that makes a difference to the outcome of the complaint.

There's further information on our website which explains the Financial Ombudsman Service approach.

I sympathise with Mr K's frustration at the delay he encountered when it took longer than it should've done to carry out his transfer instructions. Mr K was repeatedly in contact with Vanguard trying to chase things up. And even on 25 January 2022, some weeks after Vanguard could have actioned his transfer request, Vanguard appears to have incorrectly told Mr K it hadn't received his form – despite having received this duly completed by Mr K almost a month earlier. Vanguard admitted it had finally posted off his signed transfer form on 26th January 2021 – which was a significant delay, even after allowing for the Christmas and New Year holiday season. A cheque payable to Vanguard was issued by the third party a couple of days later, leading to completion of the transfer process. So it seems clear that, but for Vanguard's delay, the transfer could have been completed sooner – and without much of the stress suffered by Mr K.

I can appreciate the delays and misinformation were a significant worry for Mr K. There was a substantial sum of money involved and Mr K was entitled to expect the transfer to complete within 30 days.

I've carefully taken into account the frustration and worry Mr K undoubtedly experienced as a result of Vanguard's admitted service failings and the extra trouble he was put to having to chase things up in order to progress the transfer – particularly when he was given wrong information by Vanguard about whether or not it had received his signed transfer authority.

Vanguard believes the redress it has already paid reflects guidance we have issued and said it is in line with payments it has made to other clients in similar circumstances. But I think that Vanguard's payment of £25 falls short of what I would consider fair compensation to reflect the significant distress and inconvenience it caused Mr K resulting from its failure to process his transfer authority within a reasonable timescale.

In the event, broadly speaking, Mr K's transfer request was completed within a little over a month. I find that a payment of £100 overall is fair redress to reflect the impact on Mr K of the admitted shortcomings on the part of Vanguard and the poor service issues I have mentioned above, throughout the time it took for his transfer instruction to complete.

I haven't seen enough to show that Mr K has suffered any investment loss or that he's lost out in money terms any other way. So I'm not telling Vanguard to do anything further.

Putting things right

As Vanguard has paid £25 already, it should pay Mr K a further £75 to put things right.

My final decision

I uphold this complaint and direct Vanguard Asset Management, Ltd to make a payment to Mr K so that he receives total compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 21 February 2023.

Susan Webb
Ombudsman