

The complaint

Mr B is complaining about delays in transferring his individual savings account (ISA), self-invested pension plan (SIPP) and trading account from another provider (Company A) to Interactive Investor Services Limited (IISL).

What happened

In late April 2021, Mr B wanted to transfer a large number of his unit holdings across his three accounts from Company A to IISL. He requested the transfers and then waited for them to complete. On each account, the transfer took roughly two months – which was longer than Mr B was expecting.

Mr B complained to both Company A and IISL while the transfer was still in progress. He was upset about how long the transfer was taking, saying he thought an in-specie ISA transfer was supposed to complete within 30 days, and that the transfers of his SIPP and trading account were similarly delayed.

Company A responded to the complaint in late July 2021, after the transfers were complete. They said they were sorry they hadn't been able to fully complete the transfers of the ISA and trading account within the six-week timeframe they'd expect but noted most of the stock had been transferred within that time. And they said they'd refunded around £100 of management fees in acknowledgment of the delays. They also paid Mr B £100 in recognition of the inconvenience Mr B had experienced because of the delays.

In relation to the SIPP, Company A initially said they didn't receive the request from IISL until the end of May 2021. They said the transfer was then processed efficiently and completed in late June – so any delays in the funds appearing in Mr B's account with IISL were due to the allocation of units on IISL's side. After a query from Mr B, Company A corrected their previous response. They said they'd actually received the request a couple of weeks earlier, in mid-May – but the transfer was still completed within six weeks. They paid Mr B an additional £100 for the additional inconvenience – so a total of £200 plus the refund of fees.

IISL responded to the complaint in mid-July 2021. They said that the delays had been caused by Company A – they said Company A hadn't sent instructions to the fund managers and hadn't provided deal references to IISL to allow IISL to properly track the transfers. After Mr B involved our service, IISL reviewed the complaint again. They said they'd caused a delay of five working days on the SIPP and offered £100 as compensation.

Mr B wasn't happy so he brought complaints to our service about both Company A and IISL. He felt that both businesses were blaming each other and coming to our service was the only way to get to the bottom of it. Mr B said there had been an extended period where both businesses said they didn't have his funds. He wasn't able to monitor the performance of his holdings, or trade. And he spent a lot of time chasing both businesses to get the funds transferred. So he wanted an explanation, apology and additional compensation to acknowledge this.

Our investigator looked into things. He said he could see there'd been delays on both sides.

He thought Company A had done enough to compensate Mr B for their delays but that IISL needed to pay Mr B an additional £100 for the inconvenience caused by their errors. He said he wouldn't suggest an award for Mr B being unable to monitor performance or trade because Mr B could have called Company A to trade had he wanted to. Mr B wasn't happy with our investigator's view so he asked for an ombudsman's decision – and it's come to me.

In his reply to our investigator's view, Mr B said there were some funds to which he'd had no access because Company A were saying the funds had been transferred while IISL said they hadn't. Mr B said this was during a period of high volatility when he'd wanted to sell at least 50% of his holding but wasn't able to. So he felt the delays had cost him a significant loss in terms of the valuation of his holding.

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. Although I'm aware Mr B might be disappointed with the outcome, I'm agreeing with our investigator in respect of IISL. I'm upholding the complaint and directing IISL to pay an additional £100 to Mr B. I'll explain why below. I've considered representations and evidence from both businesses in writing this decision.

What went wrong

Mr B's transfer involved moving units in a large number of different funds and stocks from one provider to another. The process is quite complicated and requires communication between the two companies, the consumer, the fund manager for each fund, and also the custodian working for IISL. With such a large number of individual transfers to be made, it's perhaps not surprising that some small errors were made. For example, IISL provided some incorrect re-registration details for a couple of funds. And Company A got the conversion instructions wrong for one fund. But the problems with Mr B's transfers go beyond these minor errors.

I've been through the timeline and documentation in detail. Although Mr B has complained about the overall timeline and delays, it seems his primary concern was individual transfers of funds which didn't go well. I've considered these below:

- Fund B – these units were transferred out of Mr B's Company A SIPP on 10 June but didn't appear in his IISL SIPP until almost a month later. I can see Company A provided details of the transfer to IISL several times, including on 18 June, the day after Mr B told Company A the units hadn't appeared in his IISL account. The problem seems to have been that the units weren't allocated promptly by IISL's custodian. It's fair to say IISL should have resolved this on or very soon after 18 June. Because they didn't, Mr B didn't have access to these funds for around three weeks.
- Fund F – after an initial issue with IISL providing incorrect re-registration details for this fund, Company A transferred the units out on 2 June. But they didn't appear in Mr B's IISL accounts for around three weeks. As with Fund B, the problem seems to have been with the allocation of units by IISL's custodian – so, again, it's fair to say IISL should have resolved this sooner.
- Fund L – Mr B held units in this fund in both his ISA and his trading account. At one stage the funds disappeared from what Mr B could see on his Company A account – but then they didn't appear in his IISL account. A few days later they reappeared in his Company A account. Company A apologised and said this was an administrative

error and was visual only – the funds were actually in his account throughout the period even though Mr B couldn't see them. However, there was another issue with the units in this fund - they weren't transferred until much later than most of the others. The fund manager needed confirmation from IISL as well as Company A and IISL didn't provide this promptly. I can see Company A were asking IISL to provide the counterparty acceptance from 11 June onwards but IISL were slow to provide the requested confirmation – again causing delays.

So, in summary, IISL made three errors (in addition to the one they've already apologised for) – not allocating Fund B or Fund F promptly to Mr B's account, and not providing the counterparty confirmation to the fund manager in respect of Fund L.

Putting things right

Mr B's said the transfer was extremely stressful because there was an extended period during which both businesses said they didn't have his funds. And he feels that he's lost out financially because he couldn't monitor performance or trade those units. He also spent a lot of time chasing both businesses to get the funds transferred.

As a service we consider financial loss, and compensation for distress and inconvenience. I've looked carefully at the correspondence and Mr B's testimony and I can't consider asking either business to compensate Mr B for any financial loss in relation to not being able to trade during the transfer. This would apply only to those units which went missing – Mr B could have traded any of the other units throughout the transfer as most of the funds transferred across very quickly. Throughout his correspondence with both businesses Mr B only made one reference to wanting to trade – and this wasn't until 6 July, just a couple of days before the final units were allocated to his account. There's no indication of quantities or prices. And he didn't make any trades for several months once the transfers were completed – so there isn't enough evidence for me to say he would have traded the missing units if they hadn't gone missing.

I've thought about the distress and inconvenience Mr B's experienced. Transferring such a significant portfolio was always going to cause some stress and inconvenience. And I can see Mr B chose to involve himself in the detail of the transfer on a day to day basis so it can be hard to tell how much inconvenience each business actually caused Mr B.

Looking at what IISL could have done better – I've thought about each in turn:

- The delays in allocating units in Fund B and Fund F to Mr B's accounts – Mr B could reasonably have expected these units to appear in his IISL accounts shortly after they left his Company A accounts. Instead they took three to four weeks. IISL caused around three weeks' worry and inconvenience for Mr B as he spent quite a bit of time chasing them up.
- The delay in providing counterparty acceptance to the fund manager in relation to Fund L – although this delayed the completion of the transfer, Mr B had access to the funds throughout the process. It's clear from the correspondence that Mr B was less concerned about these units but he was still inconvenienced by the delay to the transfer.

Taking all of this together, I'm satisfied £200 is a fair and reasonable amount to compensate Mr B for the distress and inconvenience IISL have caused him – although it was a significant portfolio, he was only impacted by IISL's errors for around three weeks. IISL have already offered Mr B £100 – so, as our investigator suggested, I'm directing them to pay him an additional £100.

My final decision

As I've explained above, I'm upholding Mr B's complaint. Interactive Investor Services Limited need to pay him an additional £200. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 December 2022.

Clare King
Ombudsman