

The complaint

Mr S complained about the service received by Vanguard Asset Management Ltd ("Vanguard"). He said it was responsible for a delay in transferring a Junior ISA (JISA) to its platform, that resulted in him cancelling the request and causing him investment losses.

What happened

Mr S has made a complaint about a request he made to transfer a JISA to Vanguard from another provider in February 2021. Mr S made the request on 16 February 2021 by signing a page on the transfer form and sending it in to Vanguard. It received this page on 22 February 2021.

Vanguard said it sent a letter on 19 March 2021, requesting all four pages of its transfer request form and not just one page with a signature on it. Mr S told our service that he did not receive this letter.

Mr S then requested an update on the transfer on 15 May 2021. Vanguard responded on 18 May 2021 and said it needed all four pages returned and not just one, to process the transfer. Mr S replied on 19 May 2021, raised a complaint about the delay to his request and then asked to cancel the transfer going forward.

Mr S transferred the JISA to another service provider on 11 June 2021. He said in his complaint to Vanguard that its delay had caused him to miss out on investing in the market and that it should compensate him for his investment losses.

Vanguard didn't agree with Mr S and said in response that it sent a letter on 19 March 2021, requesting all 4 pages of the transfer form but this wasn't received. It says that there was a delay of 19 business days from the initial request on 16 February 2021 and the date it says it sent a letter on 19 March 2021. It said this wasn't a reasonable amount of time, so it offered to make a goodwill payment to Mr S for £50. It has since increased this offer to £100.

Mr S did not agree to these payments and reiterated that he did not receive a letter or any correspondence from Vanguard on 19 March 2021 requesting the remaining pages of the transfer form. Mr S referred his complaint to our service.

An investigator from our service looked at Mr S's complaint. She sent her view to both parties and upheld it. She made the following findings:

- That it was not unreasonable of Mr S to only submit the form with his signature on it. She made the point that there was nothing to say that he needed to submit all four pages.
- It was reasonable for Vanguard to be expected to have carried out the transfer within 30 calendar days of his request. Following this Vanguard should look to put Mr S back in the position he would have been in if it had done this.

- That Vanguard should look at what Mr S would have gone on to invest in and work out what his investment losses would have been, if any, if he had invested in the same funds on the date the transfer reasonably should have taken place.
- She also concluded that the £100 offer that Vanguard had made for the distress and inconvenience caused was fair and reasonable in the circumstances.

Vanguard responded and said there was a pending investment request on the transfer and that the fund Mr S chose here, would have been his likely investment, if the transfer had gone ahead. It agreed to pay compensation for investment losses regarding this investment, up to the date the JISA was transferred to a third party.

Mr S responded through our service, to Vanguard's comments and agreed that the fund that he had chosen would have been the likely investment that he would have made. He said at this point though that his complaint had taken a considerable amount of time and that he would like our service to look at the distress and inconvenience payment again and consider whether this is still a reasonable amount of compensation. He also said the offer from Vanguard regarding investment loss, should be rolled up to the date of settlement, rather than the date he transferred his son's JISA to another provider. He said he also would like a final decision from an ombudsman.

As the parties have not reached an agreement informally, Mr S's complaint has been passed to me, an ombudsman, to look into.

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.

Vanguard has agreed that it caused a delay in dealing with Mr S's transfer request and that it should compensate him for any potential investment losses. It has also made an offer of £100 as a goodwill payment for distress and inconvenience. So as Vanguard has said it caused a delay, I don't need make any findings about how the delay happened.

Both parties are also in agreement regarding how Vanguard can put things right for any investment losses Mr S may have incurred.

Vanguard has agreed to pay compensation for the delay it caused from 23 March 2021. This date has been arrived at as it received a transfer request from Mr S on 22 February 2021 and HMRC guidance states that any cash ISA transfer should take within 30 calendar days from a business receiving a request.

Vanguard has then agreed to pay Mr S's potential investment losses up to 11 June 2021. This is the date Mr S's JISA transferred over to another service provider, and he was able to reinvest again.

Initially, our investigator recommended Vanguard look at the funds Mr S went on to invest in with the new service provider's ISA. But Vanguard said Mr S had put in an instruction to invest the funds received from his JISA into a 'life strategy 80% equity fund', within the stocks and shares ISA he was looking to transfer the funds to.

Both parties have now agreed that this is most likely the fund that Mr S would have invested in, had the transfer been carried out in good time. But they are not in agreement about how redress should be paid. Mr S says the amount paid to him should be taken up to the point of settlement as his complaint has taken a long time to resolve and not the date that the

transfer was eventually made to another provider. But I think that wouldn't be fair in the circumstances. This is because I don't think Vanguard should be responsible for any further losses once the JISA transferred to another provider and Mr S was able to make investments again.

The final issue that is left for me to consider and resolve is whether Vanguard's offer for distress and inconvenience is a fair one. Vanguard initially offered Mr S £50 as a goodwill payment and then increased this to £100.

Mr S has recently asked our service to look again at this payment and to take into consideration the amount of time and inconvenience the complaint has caused him, caused he says, by Vanguard's shortcomings.

Vanguard has offered to pay £100 that it says is a goodwill payment. It says this is because the time it took to respond to Mr S's transfer request was unreasonable. I can see how this would cause Mr S some distress and inconvenience, so think its offer is a fairly compensates him.

Mr S has said that due to the amount of time taken to resolve his complaint, that the amount Vanguard should pay for distress and inconvenience should be looked at. I acknowledge what Mr S has said here, but I don't think it would be fair to ask Vanguard to make any additional payment here, for the amount of time it has taken to find a resolution between the parties.

In conclusion, Vanguard has agreed that it was wrong to delay the transfer of Mr S's JISA. And so, it has agreed there was a shortcoming that it was responsible for here. It has agreed to put things right by paying Mr S's investment losses and has offered to pay a £100 payment for distress and inconvenience. I think what it has agreed to do and what it has offered is fair.

Putting things right

Vanguard has made an offer to pay £100 for the distress and inconvenience caused by the delay it took in processing Mr S's request for a JISA transfer.

Vanguard has also agreed to pay for investment losses caused by the delay. It should do the following:

- Calculate the number of units Mr S would've received if he'd invested in the 'life strategy 80% equity fund' on 23 March 2021 and compare this with the number of units he would've received if he invested in 11 June 2021. If the number of units he would've received on 23 March 2021 is greater Vanguard should pay him the cash equivalent amount.

My final decision

Vanguard Asset Management Ltd has made an offer to settle Mr S's complaint as I have described above. I think this offer is fair in all the circumstances of this complaint.

So, my decision is that Vanguard Asset Management Ltd should pay compensation as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 November 2022.

Mark Richardson
Ombudsman