

The complaint

Mr R complains about delays transferring a stocks and shares ISA to Financial Administration Services Limited ("FASL").

What happened

Mr R wrote to FASL to start his ISA transfer on 19 January 2021. FASL sent their request to Mr R's existing ISA provider – which I'll call "X" in this decision – on 22 January.

I've seen a reply from X dated 19 February. It said they'd need an original signed request from Mr R to proceed.

Nothing then happened until April. I understand that at that point, Mr R contacted FASL. That led to FASL contacting X.

A note on FASL's records says X replied on 12 May. X repeated that an original request was needed. FASL wrote to Mr R saying this, but not till 2 June.

I understand FASL received what was needed on 17 June. For some reason this wasn't sent to X until 12 July. I've seen a letter from X to FASL dated 15 July, which gave a valuation for the ISA, and said what would be needed for an "*in-specie*" transfer.

It seems FASL didn't see this letter, as they chased for updates in July and August. And they don't seem to have picked up on X expecting this to be an in-specie transfer. But by late August FASL understood what was needed, and sent it to X.

X appears to have made the in-specie transfer to FASL in late August. FASL noticed at that point that wasn't what was needed. The assets had to be sold before Mr R could use them on FASL's system.

Internal emails at FASL show they struggled with selling the assets. But by 12 October they'd figured out they'd need to sell the assets separately, rather than all together. There seems to have been a bit more delay before FASL made their first attempt to sell the assets around 22 October.

This failed, as X seems to have put the assets in a different account when they transferred them. FASL worked with X to figure this out, and the sale was completed on 17 November.

In response to Mr R's complaint about the delays, FASL accepted that their service hadn't followed their standard process. They noted they should have done more to chase up their initial request in January 2021. They also noted they could have acted quicker to find the assets that had been transferred, and to sell them. In recognition of how stressful the delay was, FASL paid a total of £325 to Mr R's account. Mr R didn't feel this did enough to acknowledge the lost growth he could have achieved during the delay, so he came to us.

Our investigator found FASL should have done more to progress the ISA transfer, in line with HMRC's expectations that it should take around 30 calendar days. She felt the £325 already paid for the emotional impact on Mr R was right, but set out a method to compensate

him for the lost growth he'd referred to in his complaint.

I can't see we've received a response to that view from Mr R. But FASL have said they don't accept it. They've pointed out that X caused some of the delays here too, so they feel that makes the directions for FASL to pay a remedy unfair.

With no agreement to the investigator's view, the case has come to me for a formal 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'm surprised to see FASL haven't accepted our investigator's conclusion for this case. As FASL's own response to the complaint acknowledged, their service here fell short, to the point of being unreasonable and unfair on Mr R.

I've considered each step of the transfer process as I've summarised it above.

I find it was unreasonable for FASL not to chase up their initial January request at any point prior to Mr R raising concerns in April. FASL had made an administrative request for information. Responding shouldn't have taken more than about a week. So FASL should have been prepared to chase their request up in that sort of timescale.

I also find it unreasonable it then took FASL two months from May to July to prepare and send the original transfer request X had said it needed. Again, this was a simple administrative request and submission process. I can't see why this too couldn't have been completed in a week or so.

It's also unreasonable FASL seem not to have received and processed the correspondence X was sending them. I can't see exactly why this was, but I suspect there may be some kind of problem with FASL's processes for receiving post or emails. I think it's significant that our investigator had to send her view twice to FASL before they received it. That seems consistent with FASL's processes not allowing them to receive X's correspondence either.

That – I feel – contributed to the assets being transferred in specie here. X's letter of 15 July showed that's what X understood the instruction to be. FASL should have been able to read that, and head off the problems that an in-specie transfer then created.

But they didn't. And I find it unreasonable it then took FASL from late August to mid-November to arrange to sell the assets X had sent. FASL are part of a larger network that claims to have expertise in dealing in investments. Selling some assets should have been a routine piece of work for them.

At each step – from February to November – there have been delays that would have been shorter if FASL had provided a more proactive and competent level of service. I find they owe it to Mr R to put that right.

Putting things right

I can see our investigator set out a method to try to put Mr R in the position he would have been in, if FASL's service had been reasonable. I agree with that approach, so I'm largely going to repeat it here.

But I have one change – around the dates being considered. Our investigator had the

understanding the assets were sold at their September 2021 value. I don't think that's the case. FASL's notes tell me the asset "*bargain date*" was 10 November. I've taken that to be the date the assets were actually encashed. The transfer of the proceeds to Mr R followed in a reasonable amount of time of that, from what I can see.

The HMRC guidelines say the whole process should take around 30 calendar days. So that's what I'm going to say a reasonable level of service should have achieved here. That means the delay ran from February to November 2021. During that time, Mr R was still invested in the assets the old ISA held. So we need to compare to that to work out a remedy.

When Mr R received the money in November 2021, I can't see he invested it straight away. But I appreciate the market at that point was different to what it had been in February 2021. So, I accept it was possible Mr R may have done things differently, if he'd had access to his money in February 2021.

To reflect that position – that an investment would probably have been made but I can't see what – my direction is based on Mr R investing his money in line with the FTSE UK Private Investors Income Total Return Index ("*the index*").

As our published approach explains, that's the benchmark we use when we can see someone was prepared to take some risk with their investments to achieve a return.

But after November 2021, my direction is based on Mr R acting as he did. He had access to his money at that point and could have made some sort of investment if he'd wanted to.

All of this means I'm directing FASL to take the following steps to remedy Mr R's complaint.

- Look up what value Mr R's investment had when it was actually sold, in November 2021. I'll call this value "*A*".
- Work out what value the same assets would have had if sold in February 2021 (30 days after FASL's initial transfer request). I'll call this value "*B*".
- Simulate how the value B would have changed if invested in the index from February to November 2021. I'll call this new value "*C*".
- If A – the value Mr R got – is greater than C – the value he should have got – it means Mr R has actually benefitted from the delays in this case. That'll mean FASL don't need to take any further action.
- If A is less than C, that'll mean Mr R has lost out because of the delay, by an amount equal to C minus A, as of November 2021. I'll call that amount "*D*".
- In that case, FASL should work out what D would now be worth, if it had been invested in line with the rest of Mr R's money, from November 2021 to date. That's what FASL will need to credit to Mr R's ISA in order to put this complaint right.

On top of this, I note the frustration and worry Mr R felt during the 11 months the transfer took to complete. I can see our investigator considered what FASL had already paid was suitable to acknowledge this impact. I think that's fair, once any lost investment growth is put right, or any fortuitous gain is identified and explained to Mr R. So – together with the calculation and possible payment I've described above – the £325 already paid will be suitable to acknowledge the emotional impact on Mr R that resulted from FASL's unreasonable service in this case.

My final decision

I uphold Mr R's complaint about Financial Administration Services Limited. To put this matter right – in addition to the £325 already paid – they should compensate Mr R for any lost investment growth, as worked out using the method I've listed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 December 2022.

Paul Mellor
Ombudsman