

The complaint

Mr B has complained about the delays he has experienced in trying to arrange for the transfer of his ISA account from ITI Capital Limited ('ITI') to a new provider after it was transferred from a previous firm.

What happened

In July 2020 Mr B's stocks and shares ISA, which he held with a previous firm that had gone into administration, was transferred over to ITI. Mr B didn't want to hold his account with ITI. He wanted to transfer his ISA account to a different provider which I shall refer to as 'Company B'.

On 31 July 2020 Mr B started his ISA transfer to Company B but the last of his shareholdings wasn't received by company B until 5 August 2021 and the cash on account wasn't received until March 2021.

Mr B contacted ITI on several occasions but didn't receive a response so complained on 8 October 2020.

ITI responded to Mr B's complaint on 14 December 2020. Briefly it said;

- It agreed that the timelines within which communications were remitted to Mr B were subject to unreasonable delay.
- And the delay in the transfer process had been unacceptable.
- It said the transfer request was being dealt with, but it was experiencing high volume requests.
- It offered £125 for the inconvenience and distress Mr B had been caused.

Mr B wasn't happy with the outcome so brought his complaint to the Financial Ombudsman.

He told us he hadn't been able to trade on his account or access his cash which he relied upon as he was retired. He wanted his ISA transfer to be completed and a compensatory sum of £600 as the offer made by ITI didn't take this delay into account.

Our investigator who considered the complaint thought it should be upheld. Briefly, she said;

- Mr B was caused significant frustration with the transfer and the delays and particularly the dividend cash as he relied on this.
- ITI hadn't responded to Mr B despite him making contact.
- She didn't think the offer made so far by ITI was enough as it didn't consider all the delays experienced by Mr B and recommended the total offer be increased by £375 to £500.

Mr B accepted the investigator's findings. ITI didn't respond.

As the complaint couldn't be resolved, it was passed to me for a decision. I issued my provisional decision explaining that I intended upholding the complaint, albeit with some alterations to the redress, but I asked both parties to give me anything that they wanted me to consider before I issued my final decision. Here's what I said;

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

After doing so, I provisionally broadly agree with the conclusion reached by the investigator. And in its response to the complaint, ITI accepts that it has caused the delays. But I don't think the compensation recommended by ITI or the investigator is correct. I'll explain why.

I don't know the size of the client base that ITI took over from the previous provider that went into administration. But, and as already acknowledged by ITI, I think it's likely that the new additional accounts and investments will inevitably have had an impact on ITI's capacity and ability to deal with new customers and increased requests. That being said, it's clear Mr B had a difficult time during the transfer process.

Mr B said he and his wife were retired and they didn't have a regular income. He could not access his private pension at the time because he was below the age of 55 years. He was reliant on the ISA dividends to fund living expenses. He had to find alternative funds to pay for his household bills. He said he hadn't been provided with dividend statements and feared he had lost some because of the delay in the transfers.

Transfer of shareholdings

Mr B started his transfer for his ISA to Company on 31 July 2020. Company B confirmed to him that the transfer was being actioned on 10 August. Mr B continued corresponding with ITI about the transfer but on 6 September found that it had incorrectly set up a dealing account in his name and transferred some of his holdings to that account. The other shareholdings remained in his original account.

Mr B logged on to his account with Company B on 23 September and only four of his 17 holdings had been transferred. The other holdings were transferred on 2 December 2020 with the exception of one remaining holding which was transferred on 5 August 2021.

Transfer of cash

Company B was told by ITI that Mr B's funds were held in US dollars. Mr B told us he agreed to these funds being converted to sterling – despite not previously being aware he had any funds in currency – in order to speed up the transfer. But it became apparent the funds were held in sterling all along.

ITI then transferred the cash on Mr B's account of just over £6,500 to another account/client on 11 December 2020. Mr B was told by ITI that it was having problems retrieving the cash and it wouldn't be paid to him until that money was returned. This didn't happen until 18 March 2021.

HMRC guidelines for the transfer of a stocks and shares ISA are that it should complete within 30 calendar days and clearly that didn't happen here. During this time Mr B couldn't trade on his account or access his funds.

ITI made its offer of £125 in response to his complaint which had been raised in October 2020. So, I don't think it's likely it took into account the delays he subsequently experienced in both the transfer of the shares, the cash on account and the dividend payments.

The investigator's recommendation that the offer should be increased to £500 did take these further delays into account with the exception of making an award for the fact that Mr B was out of funds from end of July 2020 to March 2021 – over eight months. And I think it reasonable that it should be recognised that Mr B was out of pocket for all of that time.

As a result of the delays caused by ITI, Mr B was unable to use the money as he wished during this time, he had to find funds from another source, and I think ITI should pay him interest to make up for that. I think it's fair that ITI pays simple interest at the rate of 8% per year on cash from the date he should have been able to transfer the funds to the date they were received by Company B.

ITI's own guidelines are that cash transfer requests should be proceed in two working days. Mr B made his request on 31 July 2020 so payment should have been made on 3 August 2020. So ITI should pay interest on the cash that should have been transferred on 3 August 2020 to the date of receipt by company B on 18 March 2021. The interest rate that should apply is 8% simple.

And Mr B was also out of pocket for dividends and any other cash received by ITI after his initial transfer request. So again, 8% simple interest should be added to those sums from two days after they were received by ITI until the dates they were paid to Company B.

I went on to outline how ITI should put the matter right.

Mr B accepted my provisional decision. ITI didn't reply.

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 neither party to the complaint has given me anything further to consider, I see no reason to depart from my provisional decision. So, I confirm those findings and reiterate below how ITI Capital Limited should put things right.

Putting things right

Overall, ITI should pay to Mr B;

- £500 for all the delays as well as the frustration and inconvenience Mr B was caused.
- 8% simple interest per year, on the amount in cash transferred from ITI to Company B between 3 August 2020 and 18 March 2021.

- 8% simple interest per year, on any subsequent cash received, from two days after that was received by ITI and until it was transferred to Company B.

If ITI Capital Limited doesn't pay the above sums to Mr B within one month of ITI Capital Limited being notified of Mr B's acceptance of this decision, then ITI Capital Limited should pay Mr B simple interest on the outstanding sums at a rate of 8% per year from the date of my decision until the date ITI Capital Limited pays Mr B the outstanding sums.

My final decision

For the reasons given above, I uphold Mr B's complaint and ITI Capital Limited should put things right by doing what I have said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 December 2022.

Catherine Langley
Ombudsman