

The complaint

Mrs D's representative, her husband (Mr D), complains on her behalf about the transfer of her stocks from a third-party provider, referred to as "the transferor", to her ISA at Financial Administration Services Limited, referred to as "Fidelity" or "the business".

She's unhappy, in the main, about the following:

- The transfer delays. She was promised it would take between four to six weeks, but it took nearly eight weeks.
- The lack of communication. She (and Mr D) had to chase Fidelity for responses. Despite it promising to call back, it failed to do so.
- Incorrect information provided, about transferring shares from a general investment account (GIA) to an ISA.
- Dividend instructions weren't followed, in line with their original instructions with the transferor.
- The lack of communication, regarding the options available upon successful transfer.
- Incorrect original book cost.
- The adverse impact upon their finances, and chances of financial investment opportunities.
- The distress and inconvenience caused.

What happened

In a Final Response Letter (FRL) dated January 2021, Fidelity upheld the complaint. In short, it said:

- On 10 September 2020 and 21 September 2020, Mr D enquired about how Mrs D could transfer her investments over to it from a third-party provider, and whether it was possible (once the shares had been transferred) to move them into her ISA. It accepts it incorrectly told Mr D that she could. It didn't make clear that she'd have to sell the shares first, and then re-purchase within the ISA.
- The BP shareholding was only received by it after the ex-dividend date of 5 November 2020, so the dividend was paid to the transferor.
- The transferor should've sent it any dividends or residual cash left over. It has since asked the transferor to do so.
- It's sorry for the poor customer service received, and not calling back when it promised it would.
- It's not responsible for the transfer delays. It has been (proactively) chasing the transferor for the relevant information.
- By way of redress it offered £325 compensation – comprised of the following:
 - £150 compensation for the misinformation provided.
 - £150 compensation for not calling back when it said it would.
 - £25 compensation for delays investigating the complaint.

Mr D, on behalf of Mrs D, disagreed with the business's response and referred the complaint to our service.

One of our investigators considered the complaint and thought it should be upheld. In summary, she said:

- Having listened to the relevant calls, it's clear that Mr D was (erroneously) told that Mrs D could transfer into an ISA straightaway, if they just opened an investment account with Fidelity.
- In the circumstances, Fidelity should pay Mrs D £250 compensation – which is £100 more than what Fidelity offered and subsequently paid – for the misinformation, including loss of expectation and distress caused by it.
- Although Mr D says that if Mrs D had known this wasn't the case, she would've remained with the transferor and sold the shares first, before transferring the cash to Fidelity, she's not persuaded that this would've been the case.
 - Despite what Mr D says, it's clear from the call(s) Mrs D wanted to transfer to an ISA, and it's the only reason she opened an investment account.
 - ISAs don't accept in-specie transfers from non-ISAs. So, Mrs D would've always had to have sold the shares in order to transfer cash to an ISA.
 - Despite what Mr D says about avoiding paying additional dealing fees, she's not persuaded that they would've done anything different. The majority of the shares would've been more expensive to repurchase if sold with the transferor in September 2020 and Mrs D had waited for the cash to arrive.
 - In light of the above, she can't safely say that Mrs D would've sold her investments with the transferor – and risked being out of the market during a volatile time.
- A brief timeline of events shows the following:
 - On 25 September 2020, Fidelity received the transfer application from Mrs D. It submitted the application to the transferor the same day.
 - On 15 October 2020, Fidelity chased the transferor, only to be told that it hadn't received the request.
 - The next day, on 16 October 2020, Fidelity re-sent the transfer request.
 - A few days later, on 20 October 2020, Fidelity chased the transferor and re-sent a copy of the request via email.
 - On 29 October 2020, Fidelity chased the transferor again, and was told that the value had been sent on 27 October 2020.
 - On 6 November 2020, Fidelity contacted the transferor again and was told that the value would be re-sent. Fidelity eventually received the value on 13 November 2020.
 - 26 November 2020, following Fidelity's acceptance, the transfer was received.
- Based on the timeline she can't say that Fidelity caused the delays, so can't uphold that part of the complaint.
- Although Mrs D (and Mr D) told Fidelity that the transferor had done what was required of it, they are unhappy that Fidelity didn't make clear that the errors were with the transferor. Had they known they say they would've chased the transferor themselves.
- Fidelity made clear that it was chasing the matter, and the call recordings between Mr D and Fidelity confirmed that it wasn't sure of the progress and was trying to find out what was happening.
- Despite Fidelity promising to call back, it failed to do so. In due course, it offered and subsequently paid Mrs D £150 compensation for the error.
- Despite what Mr D says, Fidelity isn't responsible for the £10,000 loss claimed. On balance, she's unable to safely say that this loss was caused by anything done by the business. Without the benefit of hindsight, she's unable to say that Mrs D would've done anything different.
- After the transfer, Mrs D noticed the book costs were incorrect. On 26 March 2021,

Fidelity gave instructions on how she could update the book costs – by “going to ‘Transact & Reports’, ‘Capital Gains Report’ and ‘Update costs’.” Despite following the instructions, she (and Mr D) couldn’t make it work. In response to further enquiries by the investigator, Fidelity re-confirmed the following instructions “On the Fidelity platform, under ‘Update costs’ tab under ‘Capital Gains Tax reporting’ under ‘Transactions & Reports’.” When Mrs D tried again it worked, but it’s not clear why it didn’t initially. As the instructions to put things right are the same, she’s unable to uphold this complaint.

- After the transfer, Mrs D also noticed that her BP dividend was ‘missing’, and her Vodafone dividend wasn’t re-invested automatically, as per her (previous) agreement with the transferor.
 - The transfer was only completed on 26 November 2020, after the ex-dividend date of 5 November 2020 was missed, so the dividend was paid to the transferor.
 - The investigator can’t blame Fidelity for this because it wasn’t responsible for the delays – nevertheless, Mrs D has now transferred the remaining money (from the transferor) to Fidelity via her current account.
 - Mrs D was however given inconsistent information regarding the re-investment of dividends. She was incorrectly told that all her investments would ‘automatically’ be re-invested if she changed her account setting.
 - On the face of the evidence it’s likely that some of her investments were set to re-invest at asset level, whilst others weren’t. It also looks like changing the account setting doesn’t impact an investment, if at asset level it’s not set to re-invest.
- Having considered the impact of this on Mrs D, and the number of times she was given incorrect information – Fidelity should pay her another £125 compensation for the trouble and upset caused, on top of the £25 offered and subsequently paid by the business – making a total of £150.

Mr D disagreed with the investigator’s view. He doesn’t think the compensation recommended by the investigator is fair. He thinks the business should pay Mrs D a total of £10,000 compensation for the missed opportunity and the run around for the book cost and dividend issues. If Fidelity disagrees, he’d like an ombudsman’s decision.

Fidelity said that although it didn’t agree with part of the investigator’s conclusion, on balance it accepts her decision. As long as Mrs D agrees, it would arrange to pay the additional £225 as directed. It wasn’t prepared to pay any more, despite Mr D’s submissions.

As no agreement has been reached the matter has been passed to me for review.

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 agree with the investigator’s conclusion for much the same reasons. I’m going to uphold this complaint.

On the face of the evidence, and on balance, despite what Mr D says, I think the redress recommended by the investigator is broadly fair and reasonable. Therefore, Fidelity should pay Mrs D the sum of £550 compensation altogether, less any money already paid.

In other words, in the circumstances and on balance, I think the business should pay an additional £225 as recommended by the investigator, on top of the £325 offer Fidelity made

and subsequently paid, making up the sum of £550. I note that Fidelity has agreed to this, but Mr D still disagrees.

Before I explain why I think the amount of redress is fair and reasonable, I think it's important for me to note Mrs D's (and Mr D's) strength of feeling about this matter. Mr D has provided detailed submissions to support this complaint, which I've read and considered carefully. However, I hope that Mrs D won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised either. My role is to consider the evidence presented by Mr D, and Fidelity, and reach what I think is an independent, fair, and reasonable decision, based on the facts of the case. Despite what Mr D says, it's not my role to punish the business, that the role of the industry regulator, the Financial Conduct Authority (FCA).

I note there's no dispute that Fidelity misinformed Mrs D about the transfer of her shares to an ISA. The business quite rightly accepts that it didn't make clear that the shares in question would have to be sold first, and then re-purchased, through the ISA.

In the circumstances, and on balance, I think the investigator's recommendation to pay a total of £250 compensation for this – which is an additional £100, on top of the £150 paid by the business – is broadly fair and reasonable. I do so for the same reason as set out by the investigator in the background above.

Whilst I appreciate that an in-specie transfer from a GIA to an ISA was unlikely to be possible (with any platform), Mrs D didn't know this, and she was led to believe that it was with Fidelity. So, I agree with the higher compensation for loss of expectation and distress and inconvenience caused by this.

But despite what Mr D says, on balance I think it's unlikely that Mrs D would've remained with the transferor and sold the investments first, before transferring the cash to Fidelity, even if she'd been given the correct information.

I note that Mrs D could've sold her stock with the transferor at any point but didn't – it wasn't even an option she (or Mr D) contemplated when Mr D spoke to the business first, notwithstanding the subsequent misinformation. In the circumstances, and on balance, like the investigator I'm satisfied that Mrs D wanted to transfer to Fidelity, and that's why she opened an investment account.

Despite what Mr D says about the dealing fees, it's likely that Mrs D would have to pay this in any event. I note that ISAs don't accept in-specie transfers from non-ISAs, so selling the shares and repurchasing with the ISA – and thus paying dealing fees – was inevitable.

In any case, I'm also mindful of the investigator's view that majority of the shares would've been more expensive to repurchase (had they been sold with the transferor in September 2020) and Mrs D waited for the cash to arrive. On balance, I think it's more likely than not Mrs D would've chosen to remain invested during this period. On the face of the evidence, and on balance, despite what Mr D says, and notwithstanding the loss of expectation, I think it's unlikely that Mrs D would've done anything different even if she'd been given the correct information at the outset.

The brief chronology of events speaks for itself. I'm satisfied that Fidelity provided the request and responded to queries in a timely manner. Furthermore, it took reasonable steps to chase the transferor and move things along, so on balance I'm unable to say that it's

responsible for the delays. I'm also mindful that the stocks were invested during this whole time, so wouldn't have suffered a financial loss from being out of the market.

However, Fidelity accepts that it failed to call back at a critical time, that evidently caused Mrs D distress and inconvenience – for which I think £150 compensation paid by the business is broadly fair and reasonable. Whilst the covid19 pandemic may explain its actions to some extent, it doesn't necessarily justify it in this instance.

Despite what Mr D says, I'm unable safely say that Fidelity is responsible for the loss claimed by Mrs D. I agree with the investigator that in this instance, and on balance, it's not clear – without the benefit of hindsight – what Mrs D would've done. Therefore, I can't safely say that the business is responsible for (potential) loss of opportunity.

Despite what Mr D say about the book cost, I don't think this part of the complaint should be upheld either. I'm satisfied that there was (a potential) issue and Fidelity provided instructions on how to put things right. It's not clear what happened or why it didn't work initially, but the subsequent instructions (from Fidelity to the investigator) were more or less the same and it seemed to work in due course. So, I can't say Fidelity has done anything wrong in this instance such that the complaint should be upheld. Based on what Fidelity says, I note it can take some time for the system to reflect the update and that's why it may not have been reflected straightaway.

I note the BP shareholding was only received by Fidelity after the ex-dividend date of 5 November 2020 and that's why the dividend was paid to the transferor. It's common industry practice that if a customer buys on the ex-dividend date – in other words 'on the day in which the stock trades without the benefit of the next scheduled dividend payment' – or later, they won't get the dividend. I agree with Fidelity that's what has happened here, because the transfer completed on 26 November 2020. Fidelity isn't responsible for the delay and this isn't something I can blame it for. I'm aware that the remaining cash has subsequently been transferred by Mrs D to Fidelity.

On balance, I'm persuaded that Mrs D was probably given inconsistent information regarding the re-investment of dividends. It's likely she was (incorrectly) told or led to believe that all her investments would be 'automatically' re-invested if she changed her account setting. It seems this wasn't necessarily case and depended on what was agreed/set at asset level.

I know the business has recently explained:

"The Barclays dividend did not reinvest because the asset-level income setting was set to pay cash... The account-level setting is to reinvest but individual holdings can have their own setting."

In the circumstances, and on balance, I think the investigator's recommendation to pay £150 compensation – which is another £125 compensation on top of the £25 offered and subsequently paid by the business – is probably fair and reasonable.

Whilst I don't doubt that Mr D has also suffered distress and inconvenience dealing with this case on behalf of Mrs D, I should make clear that under the rules governing our service, Mr D (as representative) isn't entitled to any compensation for distress and inconvenience. I'm aware he might think that he is eligible to receive compensation but that's not something I can ask the business to do.

I can only tell a business to pay compensation, as I have done, for trouble and upset experienced by its customer, not by a third party. So, Mrs D would be entitled to

compensation but not Mr D in this instance. If Fidelity decide to pay Mr D any money – for his efforts to help his wife – that’s a matter for the business.

I appreciate that Mrs D will be thoroughly unhappy that I’ve reached the same conclusion as the investigator. I realise my decision isn’t what she wants to hear. Whilst I appreciate her frustration, I’m unable to give her what she wants.

Putting things right

To put things right Financial Administration Services Limited should pay Mrs D the sum of £550 compensation, less any money already paid.

If Financial Administration Services Limited has already paid Mrs D £325, and I believe it has, it only needs to pay her the balance of £225, as recommended by the investigator.

My final decision

For the reasons set out above, I uphold this complaint.

Financial Administration Services Limited should pay Mrs D redress as set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs D to accept or reject my decision before 4 January 2023.

Dara Islam
Ombudsman