

The complaint

Mr C complains that Interactive Investor Services Limited took too long to release funds held in his account back to him. He is also unhappy about the service he received trying to sort things out. Mr C says this made things difficult for him financially.

What happened

Mr C opened a trading account with Interactive in March 2022. Mr C opened the account as he intended to buy some shares and he deposited £260 into the account to fund the purchase. However, he changed his mind and asked Interactive to refund his money.

Mr C contacted interactive by phone and email to arrange the refund. But each time he did so Interactive gave him a different explanation for why it wasn't able to process a refund. The reasons given by Interactive were that Mr C hadn't had his account for long enough, the funds weren't in his account and that Interactive were experiencing I.T problems. Interactive also told Mr C that it was processing a refund on more than one occasion, and that this would take around 10 days to complete. However, this didn't happen until May 2022. Mr C was also charged an account fee of just under £10 after Interactive agreed to refund him.

Mr C complained to Interactive about the amount of time he had to wait for his money to be returned and the different explanations Interactive gave him. Mr C said he had to make numerous phone calls and send several emails which he says caused him inconvenience and stress. He also explained that due to the cost of living crisis he needed the money Interactive were holding to pay for everyday living expenses.

In response, Interactive apologised and paid Mr C £40 compensation for the delays caused by its ongoing I.T issues and told Mr C that he'd receive his funds within 10 working days. But, Interactive, only paid Mr C the compensation payment. And didn't refund his balance within the timescale it had given Mr C. So, on 12 April 2022, Mr C complained again. Interactive told Mr C again that it would refund his money within 10 days.

Mr C didn't receive his balance funds. So, he contacted Interactive again. Interactive apologised and said it had given Mr C wrong information on 12 April 2022 and that it was still experiencing I.T problems. To put things right Interactive paid Mr C an additional £20 compensation for giving him incorrect information about when he would receive his balance.

Mr C wasn't happy with this outcome. He said despite Interactive agreeing not to charge him an account fee during a phone call he had with them, he was still charged. And he wants more compensation for the poor service he received overall from Interactive.

Mr C brought his complaint to us where one of our investigator's looked into what had happened. She thought Interactive hadn't caused any delays when it was processing Mr C's refund and that it had tried to move things along as quickly as it could to get Mr C's money back to him. However, she said Interactive had given Mr C misleading information on several occasions and Mr C had to make a number of calls to try and sort things out. So, she said

Interactive should pay Mr C an additional £50 compensation for the distress and inconvenience this had caused him.

Mr C accepted what the investigator said. Interactive disagreed and said it had done enough to put things right. And had also refunded Mr C the account fee it had charged him. Interactive accepted that it gave Mr C different explanations but said Mr C wouldn't have received his funds back any sooner than he did regardless of what it said to Mr C due to circumstances outside of its control.

As no agreement could be reached the matter has come to me to decide.

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.

Firstly, having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Interactive to have taken as long as it did to refund Mr C's balance. Interactive has explained that being able to release Mr C's funds back to him was dependant on resolving issues outside of its control. And I accept that it was. I'm also satisfied that Interactive tried to move things along as quickly as possible so that it could return Mr C's funds to him. And didn't cause any unnecessary delays. So, whilst I accept, not having access to his money caused Mr C inconvenience and upset, I can't say Interactive did anything wrong during its refund process.

I've next moved on to consider the level of service Interactive provided Mr C. Having done so, I think there were a number of customer service issues which have had an impact on Mr C. Individually, these weren't significant. But when Mr C had to face multiple problems, I think the distress, confusion, and inconvenience he experienced was compounded.

Interactive has accepted it provided Mr C with poor service. When a business makes a mistake that affects a customer, it would be expected that the business puts their customer back in the position that they would be in had the error not occurred. I've considered what Mr C has said about how Interactive's actions impacted him. Based on the evidence I've seen, I've no doubt this was a worrying and upsetting time for Mr C And I agree some compensation is appropriate for this.

I say this because when Mr C contacted Interactive, he was given different explanations for about why his refund couldn't be processed. These included being told that he had insufficient funds in his account and that he hadn't had his account open for 90 days. Both of these explanations were incorrect. Interactive subsequently told Mr C it was experiencing I.T issues. But Mr C wasn't provided this explanation until 22 April 2022 – after he'd been provided with two other very different explanations about why he couldn't get his money back. So, I can understand Mr C's frustration and confusion. I think it would have been helpful if Interactive had explained the issues it was facing from the start of its interactions with Mr C – even if it wasn't able to provide a detailed explanation at the time.

Interactive also told Mr C he would receive his refund within 10 days on more than one occasion, but this didn't happen. Having looked at a chronology of events I can see Interactive did this on five separate occasions between 30 March and 12 April 2022. As a result, Mr C had to spend time making phone calls and sending emails to Interactive to find out what was happening and when he would receive his refund. So, I can appreciate this would've been inconvenient and frustrating for him – especially because at the time Mr C

was finding it hard to make ends meet due to the cost of living crisis. And it's only right that Interactive recognises this.

When in weight everything up, I think the level of customer service fell below what Mr C could rightly expect to receive from Interactive. Although Interactive have apologised and paid Mr C £60 compensation, I don't think this goes far enough to fairly recognise the impact on Mr C. Taking everything into account, I think Interactive should pay Mr C a further £50 compensation to fairly recognise the distress and inconvenience Mr C was caused – taking the total amount of compensation to £110.

My final decision

For the reasons I've explained, my final decision is to put things right Interactive Investor Services Limited should pay Mr C an additional £50 compensation for the trouble and upset caused by the conflicting information he received from Interactive Investor Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 June 2023.

Sharon Kerrison
Ombudsman