

The complaint

Mr H complains Cofunds Limited trading as Aegon (Cofunds) unreasonably delayed the transfer of his stocks and shares Individual Savings Account (ISA) to his new platform manager.

What happened

Mr H held a Cofunds stocks and shares Individual Savings Account (ISA) which he was looking to transfer to a new provider. However, he became concerned about the time the transfer was taking and complained about this (and other related issues) on three occasions.

Cofunds responded to the first complaint in October 2020 and said the transfer request had been forwarded to the wrong department and they had difficulty identifying the correct account. They offered £150 compensation and apologised.

Cofunds responded to the second complaint in February 2021. At this time, they didn't think they were responsible for delays and were waiting for information from Mr H's new provider. They also explained they couldn't add the new financial adviser because he wasn't registered.

Cofunds responded to the third complaint in October 2021. They didn't accept they had caused delay to the transfer.

Mr H remained unhappy and asked our service to investigate. Although complaints had been raised separately, Cofunds agreed it was sensible for our service to deal with the complaint about the delay to the transfer as a whole.

Our Investigator looked into things and felt Cofunds had caused some delay. Cofunds agreed and made an offer to put things right. Our Investigator felt the offer was fair. Mr H didn't accept the view and felt Cofunds were responsible for more of the delay. So, the case has been passed 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.

Transfer request form and letter of authority

Mr H first sought to initiate the transfer in April 2020. I've seen correspondence between Mr H, his new adviser, his new platform manager, and his old adviser. The transfer request was also sent on to a separate firm which doesn't appear to be relevant. But I've not seen evidence the transfer request was sent to Cofunds until 2 September 2020. So, I can't reasonably conclude Cofunds were responsible for any delay prior to this date.

Cofunds have accepted some delay after receiving the request. I agree Cofunds should have processed the request correctly. Cofunds made an offer to recognise this, and I'll come

back to this below. I would note I'm not persuaded this issue had a significant impact on the length of time taken to transfer the assets. This is because Cofunds promptly contacted the new platform manager on 15 September 2020 and 6 October 2020 and requested necessary information.

Mr H also said it took Cofunds too long to remove his old adviser. I've not seen evidence to show Cofunds were provided with this instruction prior to an email on 24 September 2020. Cofunds have explained the old advisor was removed on 30 September 2020 and I can see they notified Mr H on 6 October 2020. I'm satisfied the timescales were reasonable here.

There were two key issues detailed by Cofunds in emails from September and October 2020. Firstly, Mr H's new advisor and new platform manager did not have authority to speak to Cofunds on Mr H's behalf. Secondly, Cofunds couldn't accept the transfer request form. I've reviewed the form and can see it was incomplete, hard to read and wasn't signed. Therefore, I can't conclude Cofunds should have progressed the transfer.

Mr H complained to Cofunds in December 2020 and only then did Cofunds get back in touch with the new platform manager. But I'm not persuaded this was unreasonable as Cofunds had already explained what they needed.

There was complaint correspondence between December 2020 and February 2021. Cofunds explained they couldn't give Mr H's new advisor authority to act on his behalf because the advisor was not registered with the Financial Conduct Authority (FCA). I'm satisfied this was reasonably explained and was in line with Cofunds' terms and conditions. They set this out in their email to Mr H on 3 February 2021. They also reiterated the missing information from the transfer form in their email to Mr H on 15 February 2021.

I've not been provided with evidence Cofunds received further information until the new platform manager sent a transfer request form on 29 April 2021. However, there was some missing information (for example, investor number, product number and date of birth) which was necessary for Cofunds to identify Mr H. This was received on 5 May 2021. Cofunds began processing the transfer on 11 May 2021. I'm not persuaded this was an unreasonable length of time.

I'd also note there was no LoA on file for the new platform manager. On 13 May 2021 Cofunds requested a LoA from Mr H, which the new platform manager sent on the same day. Cofunds got back in touch with the new provider explaining they needed a revised LoA on headed paper and the new provider wasn't set up on Cofunds' system.

The revised LoA was sent on 18 May 2021 and on 24 May 2021 the new platform manager confirmed they didn't want to transfer servicing rights - they just wanted a transfer of the ISA itself. I'm satisfied the new platform manager was reasonably clear in what they were trying to achieve and that they weren't looking to be set up on Cofunds' platform.

However, Cofunds still rejected the LoA and it wasn't until the new provider confirmed they wanted 'information only' access that the LoA was added on 13 July 2021. Cofunds then sent the account information to the new platform manager. I'm not satisfied it was reasonable for Cofunds to have rejected the LoA in May 2021 because the new platform manager had been sufficiently clear about what they wanted to achieve.

Therefore, Cofunds caused some delay to the transfer when they unreasonably rejected the LoA from May 2021. I can see Cofunds received Mr H's passport on 17 June 2021, and they needed this to progress the transfer. So, Cofunds caused a delay between 17 June 2021 and 13 July 2021. I'll come back to this below.

Transfer

Cofunds identified three funds which weren't acceptable under the new platform manager's criteria. They notified the new platform manager on 27 July 2021. Mr H agreed to sell the funds and instruction was received by Cofunds on 11 August 2021. The sales were placed within five calendar days of the instruction being received. Additionally, the other funds which were being transferred in-specie were completed between 18 and 23 August 2021. So, I'm not concerned about any delay being caused by Cofunds here.

However, Cofunds have accepted they didn't omit the zeros correctly from the account number when making the transfer. Therefore, when Cofunds transferred £27,895.99 on 9 September 2021 it failed and wasn't completed successfully until 30 September 2021. This meant there was delay of 21 days.

I note there was a second transfer in relation to sale proceeds from Invesco Asian (UK) Y A. I've seen Cofunds initially tried to transfer the holdings in-specie and reasonably used the designation provided by the new platform manager. The fund manager rejected the request several times because the designation didn't match. The fund manager went on to inform Cofunds that the new provider couldn't hold this fund and Mr H agreed for it to be sold.

Therefore, I can't say Cofunds are responsible for the time taken here and I've not seen evidence which shows they were provided with instructions to sell before November 2021. Cofunds made the second transfer on 17 November 2021 of £6,727.69. It was returned and transferred properly to the new platform manager on 25 November 2021, so there was also some delay here.

There was also an issue with the designation for the Lion Trust Growth 1 Acc fund. But again, Cofunds reasonably relied on the information provided by the new platform manager. I can see despite it being rejected the transfer of this fund completed within four working days.

Overall, Cofunds partly contributed to the time taken to transfer Mr H's assets and should put things right.

Putting things right

Cofunds didn't correctly deal with the LoA from May 2021 and they'd also been given the correct bank details. So, the transfer could have been progressed sooner and the funds transferred more promptly. Cofunds agreed and made an offer to put things right in response to our Investigator's view.

Mr H has experienced distress and inconvenience as a result of the service provided by Cofunds. In light of the delay, I'm satisfied Cofunds should pay Mr H a total of £350 as this fairly recognises the emotional impact. This includes the £150 previously offered.

In respect of the three investments which sold for a total of £27,895.99, I'm satisfied that had there been no delay its likely these holdings would have been sold on 21 July 2021 and the sale proceeds transferred by 16 August 2021. So, in line with Cofunds offer, they should:

- A. Calculate the amount which would have been transferred had there been no delay.
- B. Enquire with the new platform manager about whether the funds actually transferred were invested and the impact of the later transfer. Also, determine the total value of any investments made and how many units were purchased.
- C. Calculate how many units could have been purchased had the amount calculated

under point A been transferred on 16 August 2021.

- D. If more units could have been purchased, Cofunds should calculate the unit price as of the date of acceptance of the decision and transfer sufficient money to the new platform manager to enable those additional units to be purchased.
- E. If the actual amount transferred was invested across more than one investment, they should assume the same proportion of the money would have been used to purchase units in each separate investment.

In respect of the £6,726.69, I'm satisfied that had Cofunds' not made an error when transferring the sale proceeds it's likely the money would have been sent to the new platform manager on 17 November 2021 as opposed to 25 November 2021. In line with their offer, Cofunds should:

- A. Enquire with the new platform manager if the funds transferred on 25 November 2021 were invested, the impact of the later transfer, the total value of any investments made and how many units were purchased.
- B. Calculate how many units could have been purchased had £6,726.69 been transferred on 17 November 2021.
- C. If more units could have been purchased, Cofunds should calculate the unit price as of the date of acceptance of the decision and transfer sufficient money to the new platform manager to enable those additional units to be purchased.
- D. If the actual amount transferred was invested across more than one investment, they should assume the same proportion of the money would have been used to purchase units in each separate investment.

I'm satisfied this is fair and reasonable in all the circumstances of this case. It's not always possible to say exactly what would have happened with certainty. However, this remedy is the most pragmatic way to put Mr H in as close to the position he would likely be in had there been no delay. It may be that Mr H wouldn't have been in a position to purchase more units had there been no delay because the value of the investments sold or the units purchased may have fluctuated.

My final decision

I'm upholding this complaint and Cofunds Limited trading as Aegon should put things right in the way outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 March 2023.

Laura Dean
Ombudsman