

The complaint

Mr C complains that IG Markets Limited (“IG”) took too long to set up his ISA and too long to transfer his ISA out.

What happened

On 9 January 2021 an ISA application for Mr C was posted to IG. Included with it was a request to transfer an existing cash ISA into the new ISA. Mr C says his existing cash ISA was available for transfer from 24 January. IG says it sent the forms to Mr C’s existing ISA provider on 19 January and they arrived there on 22 January according to Mr C.

On 28 January 2021 Mr C’s existing ISA provider wrote to IG asking for bank details so it could send the ISA cash. The letter said the request was being made because IG was not accepting cheques and because IG had not published its payment details on a commonly used industry transfer database. The letter said the provider had spoken to IG on the phone and that IG had not been able to put the provider through to the relevant department.

On 4 February 2021 IG responded to Mr C, telling him it hadn’t heard from his ISA provider. He replied on 4 February giving IG email and phone details for the provider and expressing dissatisfaction at IG not having given the ISA provider details of where to send the funds – and also at IG handling transfer contacts by post only. On 5 February the ISA provider sent IG a second letter asking for the bank details.

On 5 February 2021 Mr C made a formal complaint covering the progress of the transfer. On 9 February IG replied. It ignored the formal complaint but said it had sent its transfer request by post as it hadn’t had an email address. It also said its letter had contained details of how to pay funds to it electronically. On 10 February IG sent Mr C a second email saying it had contacted his ISA provider by post because it didn’t have an email address and saying the letter had contained instructions for electronic payments. I don’t know whether this email was referring back to the original instruction IG has said it sent on 19 January 2021 or whether it was saying it had posted a second instruction (in which case I’ve not seen a copy).

Mr C’s funds arrived at IG from the ISA provider on 17 February 2021. IG says it got these having provided no payment details beyond those in its original request. Mr C has said the transfer took 39 days from his instruction and 24 days from the ISA maturity.

On 8 April 2021 IG replied to Mr C’s complaint. It didn’t think it had done anything wrong as far as its handling of the ISA transfer was concerned – and it gave him the option to refer the dispute to us.

IG did at that time offer Mr C £200 for failings relating to a separate joint application (also sent in on 9 January) and for issues Mr C experienced trying to contact IG by phone and its online chat service in relation to all his applications. IG accepted that contacting it was difficult due to its very high demand for its service at the time.

On 22 April 2021 Mr C replied to IG, continuing to ask for redress for delay in his ISA transfer. He said IG hadn’t explained why it hadn’t given transfer details on the industry

transfer database, hadn't used the provider's available contact details, hadn't accepted a cheque for him as it had for his wife, hadn't been contactable by phone, hadn't replied expediently by email and had taken 39 days overall.

IG has said it was coping with very high demand for its service during the period.

Mr C contacted us with a report on all this on 24 June 2021.

On 8 August 2021 Mr C told IG he had contacted another provider and initiated a transfer out of his ISA account – after IG told Mr C it was closing his accounts. Mr C has told us this transfer process started on 6 August. On 31 August Mr C told IG he was still waiting for the cash to appear on his new accounts.

IG replied on 19 October 2021. It offered £50 because Mr C's account cash of about £50 hadn't been sent properly so it needed to be resent. It also said transfers can take three to five weeks as a minimum.

Our investigator considered Mr C's complaint and thought, in brief summary:

- The ISA transfer in was requested on 9 January 2021 but couldn't start until after a maturity date of 24 January had passed on the existing account. IG didn't respond to the existing provider's request for bank details, but this didn't hold things up as the provider was able to carry out the transfer without IG having provided these details. For the later transfer out, an error by IG meant £47 was returned to IG two weeks after the shares had settled, with the transfer not completing as a result until two weeks after that. IG had offered redress for this which was fair. Weighing IG's shortcomings against what it had offered overall, IG didn't need to offer more.

Mr C didn't agree with our investigator's view and made a number of further points. These included, in brief summary:

- Stockbrokers have a duty to act swiftly on instructions. This is the very least he was entitled to expect from IG given its duty of care and the charges it makes. The very nature of stock market trading is that it is of utmost importance that time is of the essence in every transaction.
- Weight should be given to how a business should work rather than how businesses currently work and the shabby standards currently adopted by profits driven companies.
- A similar transfer - of a cash ISA - was dealt with much more quickly by another firm, taking just 9 days (and Mr C gave us details of this).

As the complaint couldn't be resolved informally it was passed to me for a decision. I wrote to the parties on 10 February 2023 explaining my provisional conclusions were broadly similar to those of our investigator. I thought IG did fall short in certain respects – and it had accepted this at least in part. But I thought the modest offers IG had made meant it had done enough already in respect of the transactions on Mr C's ISA. I said £100 of what IG had offered Mr C appeared to be attributable to the issues raised in this ISA complaint.

IG didn't have anything more to add. Mr C rejected my provisional outcome. His points included, in brief summary:

- My provisional outcome failed to enforce any measures to make IG raise its standards to what one would reasonably expect from a global financial institution. It allows IG to get away with only paying a small "fine" for carrying out work to an inappropriate standard,

rather than upholding correct business standards. I was influenced in this by our service not meeting its own standards, meaning I can't criticise IG. He was justified in expecting IG to provide a standard of service expressly required from a professional regulated company entrusted with pensioners' hard-earned savings.

- I'd considered the complaint in isolation without regard to the other errors and poor service he and his wife had experienced. The redress wasn't adequate for the hours of work and distress required to make IG acknowledge its many shortcomings. I was lenient towards IG, lacked regard for his reasonable expectations and didn't provide adequate protection for a customer paying for a financial service and entrusting IG with joint assets of around £126,000.
- Before trading apps, clients contacted brokers in person or by phone and trades took place almost immediately. Stock market prices change in milliseconds, so accuracy and speed are absolutely necessary to protect clients' finances and fulfil a stockbroker's duty of care to its clients. Unnecessary delays in expediting client instructions are tantamount to negligence. My provisional outcome appears to completely ignore the duty of care IG owed him while it was entrusted with large sums of his money and appears to say it is acceptable for IG to choose to give a sub-standard service despite its high charges. I'd fully supported IG in its total lack of regard for his financial or mental well-being. He on the other hand had to respond to and make payment to IG promptly with no leeway.
- IG was under a moral obligation to prioritise the transfer out, having instructed him to move his accounts out. Where evidence exists that IG gave wrong information or failed promises, it is unfair to ignore or excuse the inadequacies of IG's poor staff performance.
- It appears clients have to wait an undefined and protracted period for payments, despite payments having become faster in banking, but must pay immediately to protect the position of the broker. This totally unequitable situation allows large firms to abuse their position and profit from the extended retention of client monies, understaffing, poorly trained and under supervised staff and the failure of governing bodies to adequately police and penalise them.
- It seems in the 21st century it is unreasonable for members of the public to expect businesses to perform well and provide good and efficient service, even when the service is paid for. Sadly, financial institutions have very much lower standards of governance and enforcement than that of yesteryears.
- Many institutions are currently performing disgracefully but that isn't the standard by which IG should be judged. A few businesses still perform well and he brought to my attention one that performed far better when handling the transfer of ISA monies.

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've decided to uphold Mr C's complaint for broadly the same reasons as I have already outlined to the parties. I've summarised these below.

I'd mention that the purpose of the redress I award is to compensate for detriment suffered by Mr C in this particular case. It is not designed to act as a deterrent or punishment for IG.

Also in reaching my outcome here I don't overlook that Mr C and his wife raised other issues or complaints with IG and that some of these were justified or accepted by IG to be justified.

My decision here and this complaint relates to Mr C's concerns insofar as they relate to his ISA transfers and the detriment suffered by him in connection with those specifically. But I am mindful of the overall position, which provides context.

Government guidelines suggest transfers like that of Mr C's cash ISA to IG's stocks and shares ISA should take no longer than 30 days. Mr C's transfer was completed within that time if counted from either when the existing provider received IG's request for the transfer or from when the existing ISA matured.

That said, I bear in mind that unreasonable delays should be avoided in any event – and so finishing things within 30 days does not in itself mean the transfer was timely or without undue delay.

I also bear in mind that it was only cash being transferred, so the transfer was simpler than others that one would also expect to be completed within 30 days. Also it does appear that the transfer might have been completed a little sooner had IG been easier to contact or had replied sooner or using a quicker method.

I say this bearing in mind the existing ISA provider tried to speak to IG in late January 2021 but couldn't be put through to the right area of IG. So confusion about how or where to make the payment could have been resolved then if IG had been more accessible. I presume the provider's query about payment methods was sent in light of what it was told by IG when it spoke to IG on the phone. It seems IG responded two weeks later - assuming it did send a second transfer request at that time.

In my view it would be reasonable to have expected IG to chase up its transfer request at some point after 2 February, given that by then two weeks had passed since its request. Mr C's contact on 4 February is another reason why it is reasonable to have expected IG to look to chase things up at that point, but this didn't happen until the following week.

So in my view IG was partly responsible for a short delay at that point. I say 'partly' because from what IG has told us it had already sent all that the provider needed and so the provider could have sent funds without initiating this further exchange.

The short delay appears to have delayed the transfer by something like a week, compared to if IG had got in touch with the provider straightaway on 2 or 4 February – for example using the phone details Mr C had provided. I'd understand if IG was unwilling to send details by email until it had carried out its own checks to ensure it was an appropriate email address.

So IG contributed to a short delay of something like a week. IG has also accepted failings in how responsive or easy to contact it was during this period – and offered Mr C redress for this reason.

Turning to the transfer out I see that there was an administrative error that led to a small cash sum being returned to IG, and it apologised and offered redress for this. This seems to me to have been a reasonable response by IG.

In light of all I've said above, I've decided IG should compensate Mr C for the inconvenience or frustration he suffered due to the short delay and the administrative error I've identified above.

Also, in determining redress I take into account that during the period IG was not as easy for Mr C to make contact with as it ought to have been.

So I uphold Mr C's complaint on this basis and to this extent.

Putting things right

IG Markets Limited should pay Mr C £100 for the inconvenience caused by the failings I've identified in the transactions I've considered above.

My final decision

I uphold Mr C's complaint for the reasons I've set out above. IG Markets Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 April 2023.

Richard Sheridan
Ombudsman