

The complaint

Mr B complains that Trading 212 UK Limited ("T212") delayed a withdrawal of cash from his trading account, which caused him distress and an investment loss.

What happened

Mr B requested a withdrawal of just over £5,400 from his trading account on 19 January 2021. The following day T212 confirmed the withdrawal had been actioned and that it would take around two business days for the money to be received into Mr B's bank account.

This didn't happen and Mr B chased T212 by email on the morning of the following Monday, 25 January 2021. T212 responded to say that it was expected that the money would arrive that day.

Again, this didn't happen, and it appears there was some further chasing by Mr B. On the next day, Tuesday 26 January 2021, he told T212 that he'd contacted his bank, which had said the issue was with T212, and had asked for a 'faster payment ID' so it could investigate the matter. T212 responded to say that this information would be provided within two days.

The next day, 27 January 2021, Mr B contacted T212 again and said he was now raising a complaint about the delay. He explained that he'd required the money because he'd been due to make a payment towards the purchase of a house the day before. Because of the withdrawal delay, he'd had to borrow the money from a family member, which had been very embarrassing. He asked for £100 compensation for the distress this had caused.

Mr B then followed this up with another email the next day, 28 January 2021. In it he explained that he'd been able to pay back the family member and was now intending to use the withdrawn money (when it eventually became available) to make a specific cryptocurrency investment. He said he was putting T212 on notice that if there was an increase in the price of the cryptocurrency between that point and when he was eventually able to invest, he'd seek the additional cost of investing from T212.

The withdrawal eventually completed on 3 February 2021. Mr B contacted T212 to say that he'd made the investment and claimed a loss of £815.03 because there had been an increase in the price. He also reiterated his request for £100 compensation.

T212 investigated the matter and offered Mr B £25 for a delay in providing him with a proof of payment for the withdrawal. But it didn't agree to any further compensation.

The complaint was referred to this service. Our investigator concluded it should be upheld and that T212 should pay both the £100 and the investment loss claimed. She felt that in the face of the continued delay in receipt of the withdrawn money Mr B had been entitled to change his plans and instead use the money for the investment once it was no longer needed for the house purchase. As such, it was fair that T212 should compensate Mr B for the investment loss incurred because of the delay in investing in the cryptocurrency.

T212 agreed to pay the £100 but didn't accept that it should be held responsible for the investment loss. It said, in short, that if Mr B had received the money sooner, without the delay, he'd have used it for the house purchase as intended then wouldn't have had it available to invest.

The investigator wasn't persuaded to change her opinion, so the matter was referred to me to review.

I issued a provisional decision in which I explained why I felt the £100 compensation was fair, but that the investment loss claimed was too remote from the issue of the delay in the withdrawal for T212 to be held responsible for it.

I said, in part:

"There's no dispute that Mr B's withdrawal of funds was delayed several days beyond T212's usual expected time frame of three days. During investigation of the matter T212 acknowledged that the cause of the problem was Mr B's bank account number having been recorded incorrectly at the first attempt, although it said it wasn't clear where the fault lay for this. But in any event, it agreed to pay the sum of £100 in respect of the delay, as recommended by the investigator. And I think that fairly reflects the likely distress and inconvenience caused to Mr B in the circumstances.

So, what remains in dispute is whether (or not) T212 should also compensate Mr B for the additional cost incurred by him investing in the cryptocurrency on 3 February 2021, when the withdrawn funds became available, rather than earlier, on 28 January 2021.

As noted, Mr B says that when the withdrawn money didn't arrive in time for the house purchase of 26 January 2021, he was forced to make other arrangements and borrow money from a family member. He says he then paid this loan back the next day by borrowing from a member of his partner's family, and this new loan didn't have to be paid back immediately – rather, it was to be paid back in instalments of £200 per month. As such, it appears this meant the money withdrawn from the T212 account could then be used to invest in the cryptocurrency.

I appreciate that the delay in receipt of the withdrawal from T212 meant Mr B had to change his financial plans. And I accept that having done so he was entitled to do whatever he wanted with the money. But the arrangement as set out above meant he'd effectively borrowed from his partner's family member to invest in the cryptocurrency. And this goes to the heart of the point raised by T212, that if the withdrawal had been made within the expected timeframe, Mr B would've used the money for the house purchase, and he wouldn't then have had it available to be used for an investment.

In the circumstances, I don't feel it's fair to hold T212 responsible for any investment loss. If Mr B had, for instance, incurred a direct cost to borrow the money to make the house purchase, then that would be something I would feel T212 should pay. But in my view, the investment loss claimed by Mr B is too remote from the issue of the delay in the withdrawal.

And I note also that T212 wasn't put on notice of what the withdrawn money was needed for and how important timely receipt was. It's clear Mr B did chase the withdrawal, but even the day before the money was needed for the house purchase he worded his enquiry as "Sorry to bother you again this week, but I am yet to receive my funds...". There was no indication given of urgency. The house purchase wasn't alluded to until the day after. Had T212 been made aware of how important timely receipt of the money was, it would've at least have had an opportunity to offer Mr B some other course of action – for instance, arrange a CHAPS payment.

So, while I can see this would've been a frustrating experience for Mr B, I don't currently feel that consideration of the evidence and wider circumstances supports a finding that T212 should be held responsible for the investment loss."

Both Mr B and T212 responded to say they accepted my provisional decision and T212 made payment of the £100 to Mr B's account.

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.

Given the responses to my provisional decision, I find there's no reason to change or add to what I've said previously.

Putting things right

As noted, I felt that a fair resolution of the complaint was for T212 to pay Mr B a total of £100 compensation for the distress and inconvenience caused. This was made up of the £25 already offered prior to the complaint being referred to this service, along with the additional £75 recommended by the investigator.

I understand that T212 has already paid the £100 to Mr B following the issuing of my provisional decision and Mr B has confirmed receipt.

My final decision

For the reasons given, my final decision is that payment to Mr B of £100 compensation by Trading 212 UK Limited represents a fair and reasonable resolution of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 March 2023.

James Harris
Ombudsman