

The complaint

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

Mrs C brings her complaint with Mr C as her representative but for simplicity I’ve referred below to Mrs C when referring to things said or done by her or by Mr C on her behalf.

What happened

On 9 January 2021 Mrs C posted application forms to IG. These included forms for an ISA for Mrs C and a request to transfer an existing cash ISA into the new ISA. Mrs C says her existing cash ISA was available for transfer from 14 January (her complaint letter to IG said 11 January).

On 25 January 2021 she complained to IG about a lack of progress with her ISA application. On 28 January by letter the cash ISA provider told Mrs C it had sent her funds to IG. IG says it received the cheque on 5 February. On 5 February Mrs C complained formally that no funds had been transferred into her ISA – and that investment opportunities had been lost. The cash wasn’t credited to her ISA until 25 February, three weeks after IG got the cash and a month and a half after the earliest date Mrs C has said was possible for the transfer.

On 20 April 2021 IG accepted fault for delaying crediting the cash to Mrs C’s ISA. It offered her £300 - but this was also for failings relating to a joint account that wasn’t set up and for the overall level of service received by Mrs C from IG over the period for all her applications.

On 8 June 2021 IG told Mrs C it would close her accounts after 90 days (on 6 September) and in the meantime she would not be able to purchase new stock. Its reasons for taking this action and her complaint about it are the subject of a separate complaint.

Mrs C contacted us about her issues, including the ISA transfer in, on 24 June 2021.

Mrs C didn’t want to close her ISA account but on 8 August 2021 Mrs C told IG she had contacted another provider and initiated a transfer out. She has told us this process started on 6 August.

Mrs C contacted IG on its online chat service. She has printed the exchange for us which she says took place on 24 August 2021. In the chat IG said Mrs C’s cash would follow her stocks and that 26 August was the settlement day and answered “yes” to the question “*The cash will be transferred tomorrow?*” Mrs C says this meant the cash would be transferred or arrive on 25 or 26 August. The cash didn’t arrive on either of these dates.

Mrs C said during the chat: “*I cannot trade within my ISA without it*” (her cash), but she didn’t mention any specific trades.

On 31 August 2021 Mrs C complained to IG about the transfer out. What she said included that the money was needed to trade within her ISA but could not be used due to IG’s failure to complete the transfer. She said: “*Once again, trading opportunities are being lost as a*

result of continued poor service". The message didn't say that there was any particular trade Mrs C had missed or was missing out on or any particular share she wanted to buy.

Mrs C also copied us in that morning. What she said included that IG had confirmed a date to transfer her cash *"but, once again, I.G. failed to meet their confirmed deadlines thereby denying us access to our cash which is required to secure any trading opportunities."* Mrs C referred to *"any opportunities"* but didn't specify a particular one. Later that morning IG sent Mrs C an email to say the transfer was complete. The email also said it was sorry to see her go and she should get in touch if she wished to return, which appears to have been a standard wording – and was not appropriate on this occasion.

Mrs C contacted us about this message, pointing out that although it said the transfer was complete this was *"completely wrong as IG have retained and failed to transfer"* the £6000 for her account. She did not mention a particular planned share purchase but did refer to being distressed by the nature of the poor service.

On 1 September 2021 Mrs C contacted IG saying that part of her complaint had been that the delay of the funds *"was causing lost trading opportunities"* and that one of two shares she held in her ISA was a share she had intended to buy and it had risen by 24% the day before and was up 30% that day. IG had sent the funds on 31 August, according to a statement dated 1 September. This refers to payment by cheque but the funds were sent electronically. Mrs C complained that payment by cheque was disgracefully prolonging her wait for her funds. She copied us in on this email saying: *"this causes yet a further delay in access to [my] funds that were required for further share purchase where there have been significant rises of 24% and 30% in the last two days."*

Mrs C says the cash became available to her on 3 September 2021, having been transferred by IG on 2 September. She used virtually all the cash on 3 September to buy shares in the company to which she had referred in her 1 September email. On 9 September she told us the delay in the cash had contributed to significant losses.

From calculations provided by Mrs C on 9 September 2021, the shares had risen in value by almost 90% when she bought them, compared to the lowest price on 26 August. Mrs C calculates that at the middle price for 26 August her funds would've bought over 16,000 more shares than they did. On 9 September 2021 she told IG these extra shares would've been worth more than £5800 at that point – with the potential for this to increase.

Mrs C told us the share traded between 17.50p and 15.26p on 26 August 2021 and between 30p and 24p on 3 September. The highs and lows on other days around that time were:

23 August: 16.00p and 17.24p
24 August: 16.00p and 17.50p
25 August: 15.90p and 17.00p
26 August: 15.26p and 17.50p
27 August: 14.50p and 16.00p
31 August: 14.13p and 20.00p
1 September: 19.00p and 25.50p
2 September: 22.30p and 25.65p
3 September: 24p and 30p

The share closed at 18.50p on 31 August, so that day was the start of a big move up. But this wasn't apparent when it opened that day at 15.38p, which is the morning when Mrs C emailed IG about the delay in the cash.

IG's complaint response on 19 October 2021 in brief said cash was transferred after stock and the stock settled with the new provider on 27 August with the cash following two

business days later on 31 August.

Mrs C replied on 24 October 2021, saying that as the transfer was at IG's instigation IG should have acted with the upmost care to ensure it wasn't delayed and didn't prejudice her ability to trade, and pointing out her instruction of 6 August to the new provider had been acknowledged by IG on 10 August and the cash arrived only on 2 September. She didn't consider these timescales to be appropriate. She also referred back to the delays experienced when transferring the account into IG originally.

IG replied saying amongst other things that transfers can take three to five weeks as a minimum and saying the transfer out timescale was appropriate. IG said price moves during a transfer weren't unusual and that Mrs C wasn't prevented from selling or buying shares during the transfer process to mitigate this. But IG had in fact told Mrs C she couldn't open positions, only close them, after it had taken the decision to close her account.

Mrs C replied, in brief summary referring back to what the 'chat' had said about timescales and pointing out that IG had stopped her trading with the funds in her ISA and that she had bought the shares as soon as she had the cash.

Having considered the complaint, our investigator thought - in summary:

- The ISA transfer in was requested on 9 January 2021. Funds received by IG on 5 February might've been expected to appear on Mrs C's account sooner than 25 February. Redress was due for the inconvenience associated with this delay. That said, the redress IG had already offered was fair compensation for the distress and inconvenience its errors had caused Mrs C, including for this ISA delay.
- Mrs C's ISA transfer from IG was completed in time, bearing in mind the 30-day time limit in government guidelines. The cash was transferred on 31 August 2021 after the stocks were settled on 27 August.

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

- A significant part of her overall complaint hadn't been considered or understood – namely the time taken for her ISA transfer out, which our investigator had said was three days. The transfer took around 19 days for the shares and 27 for the cash. She had chased the cash and on the 'chat' confirmed a transfer date for it which IG unsurprisingly failed to meet. It wasn't until 2 September 2021 that the cash arrived.
- The delay of the ISA cash led to serious consequences. It stopped her buying a stock that rose by 24% and then 30% and she'd provided a breakdown of this. This loss resulted entirely from IG's failure to transfer cash after it instructed her to transfer her account. It is unreasonable for her as a pensioner to bear the costs of IG's inefficiency and failure to act with due diligence.
- Why could IG not have transferred her free cash immediately? It takes cash immediately. There is no reason to take 27 days to transfer 'free' cash from a suspended account. It shouldn't be overlooked that the transfer was forced on her by IG and yet it still failed in its duty of care.
- To fully understand her position requires an understanding of the speed at which share prices fluctuate. She would expect such understanding to be applied in considering her complaint.

- IG had acknowledged its continual poor service, but we and IG had both ignored the prime cause of her quantifiable and serious loss - and we had defended IG with factually incorrect statements about a 3 day transfer.
- Stockbrokers have a duty to act swiftly on instructions. This is the very least she 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 they currently work and the shabby standards currently adopted by profit driven companies.
- When her account was opened, the process took approximately eight weeks. These timelines aren't appropriate for share and cash transactions where huge variations can take place in minutes. IG breached its duty of care and this isn't an isolated incident. IG's response ignored the significant repercussions.
- She had sent details of how a similar cash transfer – of a cash ISA - was dealt with much more quickly by another firm. Those showed funds confirmed as sent on 15 March after a 6 March request, taking just 9 days. Her similar transfer to IG took 47 days – a stark contrast which justifies her complaint.

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 that 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 - of which £150 appeared to me to be connected to this ISA complaint - meant it had done enough already for the transactions on Mrs C's ISA. I reached this view on the basis that I said I didn't think there were grounds to award redress for specific lost investment opportunities.

IG didn't have anything more to add. Mrs C rejected my provisional outcome. She provided a detailed response and her points included, in brief summary:

- When IG told her to close her accounts, she didn't initiate a transfer initially because she was looking to have her accounts reinstated. The IG software for trading is particularly good and intuitive and she hoped to continue using it. She held off, believing incorrectly that our service would investigate and be able to resolve the matter before the expiry of the IG deadline. That would've been possible if we had met our advertised standards, but we failed to explain that we were in fact falling well short of those.
- Before she received the cash from IG, Mrs C had identified the stock she was intending to trade. I appeared to be looking for "evidence" of this in an almost forensic manner and not on a reasonable basis, because there was no reason whatsoever for her to explain in advance to IG any trade she was intending to make with another stockbroker.
- I had said: *"The fact the plan to buy this particular share or any other was not articulated before the fact, means I don't have any evidence of Mrs C's intentions before the investment performed well - so there isn't anything to show that her belief about how she might have invested the cash hasn't been influenced unintentionally by knowing with hindsight how some investments had performed. This also means there isn't anything [that] points to a particular trade – in terms of the specific timing and price of the instrument."* She is deeply concerned that this statement suggests, possibly, a fraudulent

intent in her message to IG on 1 September 2021 – which is preposterous.

- Evidence substantiating her intentions can be found in the fact she was not an avid or experienced trader – as evidenced by her IG account application – and her IG watchlist only ever contained one stock other than the stock she bought. At no time did she hold stock other than these two within her ISA, CFD account or elsewhere – as shown by her account history. She can also confirm she hasn't bought or sold any shares since those. All this dispels my unreasonable supposition.
- In connection with her intention to buy the shares, the cash transfer took place after 3pm on 31 August 2021 and she didn't know of this when writing to IG on 1 September. She bought the shares in question on 3 September.
- There is a consistent trail of interaction with this share purchase and no evidence to indicate she was considering any other purchase. IG was put on notice more than once that its unacceptable delay in releasing her cash may lead to lost trading opportunities. IG, through its own deliberate and dilatory attitude, was directly responsible for reducing the number of shares she purchased on 3 September 2021.
- The use of the word “any” when referring to the trading opportunities being missed, did not mean there were opportunities of various kinds are being missed currently or that opportunities didn't exist at present but might arise in future. Rather the situation was that every moment of delay caused a loss of “any opportunity, at any moment in time, for Mrs C to purchase the additional shares”.
- My provisional outcome in her opinion infers that she might have bought the shares in order to claim redress for the loss. This is unthinkable, hurtful, ludicrous and at best unfair. The chance of profiting from such a course would have been remote and such a course was against her character. There is no evidence to support such a supposition and ample evidence to support what she says about what she would've done.
- She has said: *“On 1 September 2021, prior to her knowing that IG had eventually returned her cash and approximately twenty-six days after the process to transfer her shares and cash had been actioned, she clearly identified the share even though its name was not used. At that time she did not know in what direction the share price would move and arrive at by the time she would be able to access her cash and action the purchase. Please note that the purchase was made at the first opportunity her cash became available and was fully used to fund the purchase.”*
- IG was morally obliged to ensure her ISA cash and ISA shares were prioritised for transfer, after having instructed her to move her accounts out. It denied her access to or use of her cash and shares for an inappropriately long period. Where evidence exists that IG has given its client wrong information or failed promises regarding her cash, it is unfair to ignore or excuse the inadequacies of IG's poor staff performance.
- I suggested she should have used other sources of cash to invest in the stock market while awaiting her cash which was contained in a tax-exempt ISA subject to strict HMRC rules. She is appalled by that suggestion. It would be more appropriate to look more carefully at the offending party.
- 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 she brought to my attention one that performed far better when handling the transfer of ISA monies.

- 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. She 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 she and her husband 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 her 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 her while it was entrusted with large sums of her 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 her financial or mental well-being. She on the other hand had to respond to and make payment to IG promptly with no leeway.
- 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.

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 the redress IG has already offered for inconvenience is fair and reasonable and I don’t think there are grounds to award redress for lost investment gains.

I’ve explained and summarised my reasons below, which are in large part the same as those I’ve already shared with the parties - although I do agree with some points Mrs C has made.

Government guidelines suggest transfers like that of Mrs C’s cash ISA to IG’s stocks and shares ISA should take no longer than 30 days. That said, unreasonable delays should be avoided in any event – so finishing things within 30 days does not in itself mean a transfer was timely or without undue delay.

In this case though, IG accepts it did delay the transfer as Mrs C’s ISA cash wasn’t credited to her IG ISA until 25 February, three weeks after IG got the cash. There doesn’t seem to be

a reason for that delay, which also contributed to the transfer taking longer than 30 days. So I agree IG was right to accept it fell short and ought to have completed this more quickly. I've not seen evidence to support the idea that this delay resulted in the loss of particular gains on investments Mrs C would otherwise have made. So I conclude that the right approach is an award for the inconvenience caused to Mrs C by IG's delay.

Turning to the transfer out, IG stopped Mrs C from making investments before the transfer. So any delay in the transfer out would mean Mrs C missing out on investment opportunities and potentially suffering losses as a result. I remain of the view – and in agreement with Mrs C – that because of this IG ought to have paid special attention to ensuring the transfer was not delayed and to completing it as quickly as it could.

IG's terms and conditions did allow it to stop offering its services and warned that in such a situation it might not allow further purchases. But those terms don't in themselves persuade me that IG couldn't still be held responsible for financial losses arising from undue delay.

Here the total time taken for the transfer out did not exceed the 30 calendar days in the ISA guidance. Mrs C refers to 26 days approximately. But in my view if unnecessary or avoidable delay within that period led to Mrs C losing out, there would still be a case for redress - given what I've said above about how the transfer out and the restrictions on the account in the meantime were imposed by IG. So I've considered carefully whether delay in that process gives grounds to award Mrs C redress for investment losses.

In IG's chat interaction with Mrs C, IG said the cash would be transferred 'tomorrow', which on 24 August meant 25 August. But what the chat also said was that the cash would follow the stocks and that they were due to settle on 26 August – which implied the cash would be sent at the earliest later on 26 August or on 27 August (a Friday). So there was clearly some confusion on IG's part in what it was communicating in the chat.

But whether the date IG intended to indicate in the chat was 25 August or 27 August 2021, in my view what the chat said wasn't intended to be a firm or contractual undertaking but a general guide to how things stood and what might usually be expected. I say this not based on the ambiguity in the chat, although it tends to support that view, but based on the informal nature of chat communication itself. So I don't agree that IG committed itself, by virtue of its statements in the chat, to transferring the cash no later than 27 August. Rather it gave a broad indication that this was when the cash might be expected.

The stock actually settled on 27 August 2021 - a day later than anticipated - and the cash followed on the next working day, a Tuesday after a bank holiday. So what happened was what was anticipated in the chat except one working day later. In light of all I've said above, my view is that this transfer was broadly in line with what was said in the chat and doesn't amount to an undue delay in the process.

The transaction history Mrs C has sent me tends to reinforce the view I've already reached above. This shows a small part of the transferred cash was from a dividend Mrs C received in June 2021 but for the most part the cash was from a share sale on 20 August 2021 with the cash being received in her IG account on 24 August 2021, so it was in the account for only a few working days before being transferred.

So the cash wasn't awaiting reinvestment throughout the 26 days or so that IG took to carry out the transfer, but only for the last few days of that process. Also those 26 days were, as I've said, within the timeframe envisaged by the guidance. Bearing in mind that after IG sent the cash it was two days before it became available to Mrs C in her new account, it appears that it would not have been feasible in any event for cash arriving with IG on 24 August to have been made available to Mrs C for investment in her new account on 26 August – which

is the date Mrs C used in her earlier submissions to estimate her possible investment loss.

So overall I'm not persuaded that there was delay of a kind that would make IG responsible for losses Mrs C might have suffered as a result of not being able to invest her cash earlier than she did in fact invest it.

The further information Mrs C has provided adds weight to what she has said about planning to use the funds to buy the shares she did buy. She pointed out she did invest it as soon as she could and what she has sent me shows her account only traded two shares and that her chat enquiry was made the day the cash arrived in her account. But as there was no undue delay in transferring the cash, there aren't grounds for awarding redress for investment loss regardless of whether I agree with Mrs C's view of how she would have invested the funds.

I don't doubt that what Mrs C has said is what she believes would most likely have happened if she'd had the cash earlier. I should make it clear that in noting that she did use the cash to buy the shares in question, I was noting evidence that in my view was in line with her belief and supportive of her claim. The issue was whether I could fairly conclude from this and the other available evidence that Mrs C's belief about what would've happened was in fact what most likely would've happened and supported her claim for loss or a loss along those lines.

Also I've not said Mrs C was unintentionally influenced by hindsight knowledge of how the shares performed. I've said this possibility couldn't be ruled out in the absence of evidence of her intentions before the shares performed well. I think that's right and that had Mrs C instead told IG of her plan, this would've been strong evidence of such intentions. I said the absence of this meant there was no evidence of her intentions. That was going too far, as it suggests that only an explicit articulation of her plan could evidence her intentions, which is not right. I accept other sorts of evidence can cover the same ground. In my view Mrs C's trading history she has sent, and her actual purchase of the shares later, amount to that sort of evidence.

That said, I don't follow Mrs C's suggestion that if I concluded that there wasn't enough evidence to support her view it would imply that she bought the shares inappropriately to support her case for redress. I don't think that follows at all and it isn't my view which is why I haven't suggested it.

My provisional outcome did say: *"I note in passing that if Mrs C had other available funds then it would mean she did have the option to buy the shares she wanted with those funds outside the ISA, which would have restricted her loss to the tax payable on her gains. I don't know if she had such funds or not."* So I noted that this mitigating option might have been available to Mrs C, depending on her circumstances. But, to be clear, this doesn't mean that I think she ought reasonably to have been expected to take that course.

In conclusion for the transfer out, I don't think redress for delay of the transfer out is due. It was done in around 26 days. What was said in the 'chat' didn't put IG under an obligation to complete the process sooner than it did. Also IG in fact completed its process broadly within the timescales anticipated in the chat in any event.

But I remain of the view that IG did fall short in the service it provided – particularly as regards the delay in crediting Mrs C's account with the proceeds of the transfer in. So I think it fair and reasonable that IG pays Mrs C £150 redress for the inconvenience caused by the shortcomings in its service.

So I uphold Mrs C's complaint on that basis and to that extent.

I'm grateful to Mrs C for all her points and for her prompt responses to all our enquiries.

Putting things right

To put things right for the inconvenience caused to Mrs C by its failings in the transactions I've discussed and considered above, IG Markets Limited should pay Mrs C £150.

My final decision

In light of all I've said above and for the reasons I have given, I uphold Mrs C's complaint. 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 Mrs C to accept or reject my decision before 28 April 2023.

Richard Sheridan
Ombudsman