

## **The complaint**

Mr H complains about the way Virgin Money Unit Trust Managers Ltd has handled his request to transfer his Stocks and Shares ISA to another manager. He says it has failed to answer his queries and caused a financial disadvantage.

## **What happened**

Mr H holds a stocks and shares ISA with Virgin. In January 2023, Mr H made inquiries with Virgin about the ex-dividend day on his investment as he wanted to transfer his ISA funds to another manager.

Virgin told Mr H it does not process ISA transfers online and he would need to complete an application form with the new manager and it would send it on to Virgin for processing. While waiting for a full response to his queries Mr H made a request to encash some units in his ISA and have the proceeds transferred to him in case transfer was delayed. As part of this request a discrepancy in the records held for his national insurance (NI) number was discovered. Virgin said this was due to incorrect information being provided to it during the initial application. A request was made to amend the information. Mr H was told he could submit an online withdrawal request in the interim – which he did and a cheque for the proceeds was sent to him. As he remained dissatisfied with the way Virgin had handled the situation a complaint was raised.

Virgin sent a response to the complaint in March 2023. This also covered a complaint Mr H made in relation to his pension. In respect of the complaint about his ISA, Virgin said it was unable to transfer ISAs to another provider electronically, but it is possible for the value of the funds to be sent by cheque. It reaffirmed that Mr H would need to complete a transfer form for the new provider and return it to them – and the new provider would then send it to Virgin to complete the transfer. It agreed to remove a £15 charge Mr H had queried for withdrawal payments.

Mr H remained unhappy that Virgin hadn't satisfactorily answered his complaint, so referred it to this service for an independent review.

One of investigators looked into things. The investigator didn't find that Mr H had suffered a financial loss due to Virgin's handling of the situation. But she did think that it had caused him distress and inconvenience in the way in which it handled his queries about his ISA. She recommended Virgin pay Mr H £75 in compensation for this.

Mr H provided further submissions. He raised points about Virgin's handling of the situation – including those about it not responding to his queries regarding dividend payments and his request to transfer his ISA.

The investigator sent a further assessment on the complaint. In summary she said:

- In respect of the transfer of Mr H's ISA, the evidence shows that on 12 January 2023, Virgin let him know that he would need to contact the new provider to instigate the transfer. This is in line with the process set out in government guidance for ISA transfers. But she didn't see evidence that Mr H had submitted his transfer request to

the new provider. That being the case, Virgin wouldn't be in the position to act on the transfer, regardless of Mr H's repeated requests or the terms and conditions he has highlighted.

- She was satisfied Mr H was fully aware of the implications of withdrawing funds from his ISA (i.e. loss of tax status) as opposed to following the advised transfer process. So it wouldn't be fair or reasonable to require Virgin to compensate him for the loss to the ISA status or any downturn in the fund price since this time.
- It seems Virgin did let Mr H know he needed to keep £1 in the account to receive dividend payments during a phone call on 13 January 2023. But it isn't clear it answered all of the queries he had with regards to ex-dividend dates. So Virgin needs to provide Mr H with a response to all of the queries without further delay.
- She did acknowledge that Virgin hadn't always answered Mr H's queries in a timely manner and this had impacted his ability to resolve the matter. And this would have only exacerbated the overall concerns he's raised with Virgin - causing him frustration and inconvenience. She said Virgin should increase the compensation payment to £150 for the continued distress and inconvenience caused to Mr H.

Virgin responded and accepted the investigator's revised findings and agreed to pay the suggested compensation.

Mr H provided some further submissions. In summary he said:

- His request to transfer has not been withdrawn and he believes the price of units should be fixed to when Virgin was first advised of the transfer. As the unit price is lower now, he has suffered a loss because Virgin didn't complete the transfer when it was first requested.
- He has contacted the new provider, but Virgin says he needs to complete transfer forms – so he is unclear what is correct.
- The transfer should take no more than 30 days from when notice was given and that was in December 22 / January 2023.
- If the transfer had taken place when he first requested it, Virgin would not still be taking commission charges & management fees, this is unfair and they should be refunded.
- Because he was unable to transfer to the new provider, and no longer wanted to hold his investment with Virgin, he had to encash funds. It is unfair that this meant he lost the tax wrapper on this money.
- Virgin did advise the amount of money (£1) needed to keep the ISA active, while waiting for a dividend payment. But it hasn't answered the query on what the amount of dividends are going to be put into the account. He believes this should be based on the amount of funds in place at the ex-dividend date.

As no resolution could be reached, the complaint has been passed to me to reach a final decision.

### **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.

The crux of Mr H's complaint relates to concerns he has about the way Virgin has handled his request to transfer his ISA to a new provider. As a result, the losses he claims are linked to the fact he hasn't yet transferred his ISA funds to the new provider. So, it is key for me to decide whether Virgin is responsible for delaying the transfer. Having carefully considered the available evidence, I don't think failings by Virgin are the reason why the ISA hasn't been transferred. I'll explain why.

Firstly, it does appear there has been a misunderstanding on the process and requirements to transfer an ISA between providers. Mr H has been clear that he made a request directly to Virgin to instigate the transfer. But my understanding of the required transfer process is that an application by the consumer is made through the new provider, not the existing provider .

The government provide guidance to help consumers understand how to transfer an ISA. This confirms to switch providers, you need to contact the ISA provider you want to move to and fill out an ISA transfer form to move your account. It also provides a warning that if you withdraw the money without doing this, you will not be able to reinvest that part of your tax-free allowance again.

Virgin says it did explain this process to Mr H in January 2023. I have also seen evidence from its final response letter sent in March 2023 that it told him he would need to complete a transfer form for the new provider and return it to them. And then they would send it to Virgin to complete the transfer. So, I am satisfied Virgin made it clear to Mr H what he needed to do to initiate a transfer.

While Mr H says his new provider was aware of the transfer, it doesn't seem it initiated the process. Mr H hasn't provided any evidence to show that he did complete transfer forms for his new provider. I also haven't seen anything to suggest that Virgin failed to act on a transfer by not responding to completed forms sent to it by another ISA manager.

So, while Mr H has requested a different approach and expects Virgin to start the transfer process, I'm satisfied it hasn't done anything wrong by not following Mr H's request.

From Mr H's comments, it appears he still intends to transfer his ISA funds. To do this he will need to first complete a transfer application with the new provider. I note he believes that Virgin should back date the transfer and use the prices applicable to January 2023 - with reference to the terms and conditions he's provided. I don't find Virgin is required to do this as I haven't found it is responsible for the transfer not completing at this time, for the reasons given above.

I also acknowledge Mr H has raised other concerns about losses he has suffered – these include a loss of tax status on the money he withdrew when the transfer wasn't completed. He's also claimed for charges that have been applied on his investment while it remained with Virgin. And he says he has suffered a market loss as a result of the transfer not taking place when he requested it in January 2023.

I again refer to my finding that Virgin isn't responsible for the transfer not completing. So, it follows that I don't require it to meet the losses Mr H claims. It appears Mr H made a decision himself to withdraw funds. This wasn't something Virgin advised him to do. While I understand his frustration that he has lost the tax-free status of these funds, I don't think Virgin is responsible for this. Similarly, while I note that he has incurred fees while the funds remain with Virgin, I don't find it needs to refund these as I haven't found it prevented a transfer that should have occurred sooner. And lastly, while the movement in unit prices since January 2023 means the investment is worth less, I haven't found Virgin at fault for the transfer not taking place. This means I don't think it is responsible for any fall in value during the intervening period.

Mr H also raised concerns about a charge for transferring funds electronically. Initially Virgin said there would be a charge for this. But in its final response letter of March 2023, it confirmed it has removed this charge. In any case, as far as I'm aware, Mr H hasn't paid any charge in this respect. So, it follows that there is nothing for Virgin to refund, and it isn't something it is intending on charging Mr H in the future.

The other main issue Mr H has raised relates to information he has requested with regards to the ex-dividend date and payment of dividends. From reading the communications he had with Virgin, it does appear he has some awareness of the process (i.e. he understood that in order to benefit from dividend payments he needed to have units remaining by a certain date). But Mr H did raise specific queries about the amount of money that was required to be left in the ISA to ensure dividends were to be received, and also the specific date and amounts of payments that would be made.

There is evidence that Virgin didn't answer Mr H's queries in a timely and clear way. It has acknowledged that it didn't answer Mr H's initial query when he first raised in January 2023. Within its submission to this service Virgin has stated it failed to tell him that so long as the ex-dividend date has been passed then he would be entitled to the distribution when it is applied in May. But it said it did explain in a call in January 2023 that as Mr H was invested between March and September, he would be entitled to the full distribution amount even if he only had £1 in the investment left.

Overall, I don't think Virgin has communicated in clear way to Mr H on this subject. This has caused him frustration and required him to chase up and continue pursuing matters to receive answers. I think it is appropriate for Virgin to pay compensation for the impact of its handling of the situation. The investigator recommended that Virgin pay Mr H £150. Having considered the available evidence, I agree that this amount is fair and reasonable in the circumstances. Virgin should also reconfirm the current position to Mr H of the dividend payments due to him (i.e. ex-dividend date, date to paid and amount due).

In resolution of the complaint, I require Virgin to pay Mr H £150 to compensate him for the distress and inconvenience caused by its failings in dealing with his queries.

### **My final decision**

Virgin Money Unit Trust Managers Ltd has accepted the investigators recommendation to pay Mr H £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my final decision is that Virgin Money Unit Trust Managers Ltd should pay Mr H £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 March 2024.

Daniel Little  
**Ombudsman**