

## **The complaint**

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

## **What happened**

Mrs H holds a stocks and shares ISA with Virgin. Within the background to the complaint both Mrs H and her husband corresponded with Virgin about the matters jointly at times (as they both raise similar complaints about their individual investments). But for the purpose of the decision, I will just mainly refer to Mrs H despite the fact her husband may also have been involved in the circumstances I describe.

In January 2023, Mrs H (via her husband) made inquiries with Virgin about the ex-dividend day on her investment as she wanted to transfer her ISA funds to another manager. Virgin told them it does not process ISA transfers online and she 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 her queries Mrs H made a request to encash some units in her ISA and have the proceeds sent to her. As she remained dissatisfied with the way Virgin had handled the situation a complaint was raised.

Virgin sent a response to Mrs H's husband on his linked complaint in March 2023. This covered information in relation to ISA transfers. 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 confirmed that an ISA transfer form would need to be completed with the new provider and returned to them – and the new provider would then send it to Virgin to complete the transfer.

But Virgin didn't respond directly to Mrs H – despite her complaint being basically identical in nature and raised at the same time. So Mrs H wrote to Virgin pointing out she hadn't received a response, but confirmed the points her husband raised in response, were the same concerns she had. As she was unhappy that Virgin hadn't satisfactorily answered her complaint, she referred it to this service for an independent review.

Following the referral to this service, Virgin did send Mrs H a final response letter in May 2023. It confirmed the position it had set out to her husband about transferring funds by cheque to another ISA provider electronically. It also reiterated Mrs H would need to complete a transfer form for the new provider and return it to them in order for the transfer to proceed.

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

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

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

- In respect of the transfer of Mrs H's ISA, the evidence shows that on 12 January 2023, Virgin let her know that she 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 Mrs H had submitted her transfer request to the new provider. That being the case, Virgin wouldn't be in the position to act on the transfer, regardless of Mrs H's repeated requests or the terms and conditions she has highlighted.
- She was satisfied Mrs H was fully aware of the implications of withdrawing funds from her ISA (e.g. 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 her for the loss to the ISA status or any downturn in the fund price since this time.
- It seems Virgin did let Mrs H know she 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 she had with regards to ex-dividend dates. So Virgin needs to provide Mrs H with a response to all of the queries without further delay.
- She did acknowledge that Virgin hadn't always answered Mrs H's queries in a timely manner, and this had impacted her ability to resolve the matter. And this would have only exacerbated the overall concerns she's raised with Virgin - causing her frustration and inconvenience. She said Virgin should increase the compensation payment to £150 for the continued distress and inconvenience caused to Mrs H.

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

Mrs H provided some further submissions. In summary she said:

- Her request to transfer has not been withdrawn and she believes the price of units should be fixed to when Virgin was first advised of the transfer. As the unit price is lower now, she has suffered a loss because Virgin didn't complete the transfer when it was first requested.
- She has contacted the new provider, but Virgin says she needs to complete transfer forms – so she 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 she first requested it, Virgin would not still be taking commission charges & management fees, this is unfair and they should be refunded.
- Because she was unable to transfer to the new provider, and no longer wanted to hold her investment with Virgin, she had to encash funds. It is unfair that this meant she 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. She 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 Mrs H's complaint relates to concerns she has about the way Virgin has handled her request to transfer her ISA to a new provider. As a result, the losses she claims are linked to the fact she hasn't yet transferred her 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. Mrs H has been clear that she made a request directly to Virgin to instigate the transfer. But my understanding of the required transfer process is that an application is made by the consumer 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 Mrs H in January 2023. I have also seen evidence from its final response letter sent in March 2023 to her husband that it did correctly explain the process. This was then in the response letter sent to her in May 2023. I'm satisfied she was made aware she 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've found Virgin made it clear to Mrs H what she needed to do to initiate a transfer.

While Mrs H says her new provider was aware of the transfer, it doesn't seem it initiated the process. She has sent a copy of correspondence from the intended new provider. I've reviewed this and this confirms an instruction to transfer can be done online by going to the manage "Investment Tab" on the new providers website. It also says it can transfer using a paper form if preferred. This supports the conclusion that in order to transfer the investment this needs to be through the new provider to start the transfer process. Mrs H hasn't provided any evidence to show that she did complete transfer forms either online or by paper application for her 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 Mrs 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 Mrs H's request.

From Mrs H's comments, it appears she still intends to transfer her ISA funds. To do this she will need to first complete a transfer application with the new provider. I note she believes that Virgin should back date the transfer and use the prices applicable to January 2023 – which reference to the terms and conditions she'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 Mrs H has raised other concerns about losses she has suffered – these include a loss of tax status on any money withdrawn when the transfer wasn't completed. She's also claimed for charges that have been applied on her investment while it remained

with Virgin. And she says she has suffered a market loss as a result of the transfer not taking place when she 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 Mrs H claims. It appears Mrs H made a decision herself to withdraw funds. This wasn't something Virgin advised her to do. While I understand her frustration about losing ISA tax status of any withdrawn funds, I don't think Virgin is responsible for this. Similarly, while I note that she 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.

Mrs 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 to her husband it confirmed it has removed this charge. In any case, as far as I'm aware, Mrs 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 Mrs H in the future.

The other main issue Mrs H has raised relates to information she has requested with regards to the ex-dividend date and payment of dividends. From reading the communications she had with Virgin, it does appear she has some awareness of the process (i.e. understood that in order to benefit from dividend payments she needed to have units remaining by a certain date). But Mrs 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 the queries in a timely and clear way. It has acknowledged that it didn't answer the initial query when it was first raised in January 2023. Within its submission to this service Virgin has stated it failed to tell Mrs H and her husband that so long as the ex-dividend date has been passed then she would be entitled to the distribution when it is applied in May. But it said it did explain in a call to her husband in January 2023 that as they were invested between March and September, they would be entitled to the full distribution amount even if only £1 was left in the investment.

Overall, I don't think Virgin has communicated in clear way to Mrs H on this subject. This has caused her frustration and required her 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 Mrs 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 Mrs H of the dividend payments due to her (i.e. ex-dividend date, date to paid and amount due).

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

### **My final decision**

Virgin Money Unit Trust Managers Ltd has accepted the investigators recommendation to pay Mrs 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 Mrs H £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or

reject my decision before 13 March 2024.

Daniel Little  
**Ombudsman**