

The complaint

Mr G has complained that Cofunds Limited, trading as Aegon ('Cofunds'), delayed the transfer of his ISA account to another platform.

What happened

In November 2022 Mr G requested the transfer of his ISA account from Cofunds to another platform provider. Upon completion of the in-specie transfer one of his funds was missing – 514.193 TM Stonehage Fleming AIM 'B' units valued at more than £2,100. After Mr G pursued the issue, the fund was eventually received by the recipient platform provider in February 2023.

Mr G wanted an explanation why the fund wasn't transferred along with the other five funds in his ISA account. He wanted to be reimbursed for his wasted time in trying to find out where the fund was and why he wasn't advised by Cofunds that the fund was missing. He raised a complaint with Cofunds.

Cofunds responded, not upholding Mr G's complaint. It said;

- It did acknowledge there was an error and delay in the handling of his complaint and paid £250 to Mr G's bank account because of this.
- It had received the transfer out request from the recipient platform on 25 November 2022. For three of the funds held within the ISA they required manual stock transfer forms, which included the Stonehage Fleming fund. At Cofunds, the stock transfer forms were processed on a Monday, which picked up the previous week's transfer requests.
- The Stonehage Fleming stock transfer form was prepared on Monday 28 November and after being signed with a wet signature, was posted to Stonehage Fleming's fund manager on Wednesday 30 November. This was received by the fund manager on 9 December.
- Cofunds was advised by the fund manager in its reply dated 12 December – and received by Cofunds on 21 December – that the transferee's account number didn't match its records. These postal delays totalled 15 days. Cofunds emailed the recipient platform on the same day, 21 December.
- The recipient platform responded with the correct account number on 28 December and Cofunds sent a new stock transfer form on 3 January which was received by the fund manager on 5 January.
- The fund manager placed the deal on 6 January but confirmation of this wasn't sent to Cofunds until 8 February when it updated its records to show the effective fund in specie re-registration date as 6 January and transaction date as 9 February.
- It had acted within its normal timescales.

Unhappy with the outcome, Mr G brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint didn't think Cofunds needed to do anything further. She said;

- Cofunds had been provided with the identification number by the recipient platform.
- She detailed the timeline of the correspondence and contact between Cofunds and the recipient platform.
- She couldn't see there were any unreasonable delays.
- It wouldn't be typical for a customer to be kept updated once the transfer was being processed as this was carried out platform to platform. But the investigator appreciated that Mr G would have liked an update.
- She thought the payment of £250 for the delay Mr G had experienced with his complaint being dealt with was fair.

Mr G didn't agree. He said;

- The fund had been missing so he couldn't understand the investigator's conclusion that Cofunds hadn't delayed the transfer.
- Government ISA transfer guidelines for other than a cash ISA was 30 calendar days. His ISA transfer had taken 60 days.
- The missing fund hadn't been transferred until 25 February 2023 and not 6 January as stated by the investigator.
- There was an unreasonable delay in the transfer.
- This hadn't been a typical transfer where customer input wasn't required. It wasn't completed as it should have been, and it wasn't until he got in touch with the fund manager that the fund was transferred.
- He should have been contacted by Cofunds if there was any concern about missing funds, which there was.

The investigator responded to the points raised by Mr G;

- While Mr G had contacted the fund manager, she couldn't agree that Cofunds was the root cause of the delay in the transfer.
- Cofunds only became aware there was an issue with the identification number that it had been provided by the recipient platform when informed by the fund manager. It was only once the correct information was received that the transfer could continue.
- The transfer had completed on 6 January 2023. The confirmation and processing times might have meant the holding wasn't 'visible' on Mr G's account until later, but it should have been backdated.

Mr G didn't agree;

- He wasn't advised about where his missing fund was until 25 January, irrespective of when it was received.
- Cofunds had a responsibility to advise him of where his missing fund was – the transaction was going to exceed the 30-day deadline – he was still its customer until the ISA had been transferred.
- His money was missing. Cofunds had a responsibility to assist. It ignored him as a customer.

- Cofunds was aware that Mr G wanted to know what was happening with his missing fund. It was ignoring him as a customer. The recipient platform had confirmed to Mr G it didn't receive the fund until 24 January and it didn't show on Mr G's account until 25 January.

Our investigator confirmed that as the transfer was in specie the funds weren't out of the market so there was no financial loss. Cofunds had been given the incorrect identification number and it was that that had caused the delay. She wasn't going to ask Cofunds to do anything further.

Mr G maintained that Cofunds should have been in touch with him, and he was caused a lot of stress and anxiety unnecessarily. He had asked about missing funds, and which should have been taken seriously. Mr G wasn't happy with the review of his complaint. Our investigator responded to the points he had raised.

Mr G asked for his complaint to be escalated to an ombudsman, so it have been passed to me for a 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.

After doing so, I've reached the same conclusion as the investigator and broadly for the same reasons. I'll explain why.

Timeline of events

Cofunds has provided a record/copies of the letters generated and correspondence for the ISA transfer;

- 25 November 2022 – Cofunds received the re-registration/transfer request.
- 28 November – Cofunds wrote to the Stonehage Fleming Fund administrator and enclosed a stock transfer form for the transfer.
- 12 December – the unit trust administrator dated wrote to Cofunds confirming the transfer of the Stonehage Fleming Fund couldn't be completed because the recipient identification details on the stock transfer form was invalid and didn't match its records. Cofunds didn't receive this until 21 December.
- 21 December – Cofunds emailed the new platform provider – the same day it became aware the transfer couldn't be completed – to confirm the response it had received and to request the correct recipient account details needed so it could send an updated stock transfer form.
- 28 December – Cofunds received information it needed.
- 29 December – Cofunds sent a further letter and stock transfer to the administrator and the asset was transferred.

Clearly Cofunds was reliant upon the information it received from the recipient platform via the online Re-Registration Transfer system used. I've seen a screenshot of the request and note the 'Receiving Asset Manager Account' identification number was recorded as ending number 449. I understand this was incorrect as it should have been an identification number ending 248 which was later provided.

Looking at Cofunds' role within the above timelines, I can't agree it was the cause of any delays. The longest it took for it to act upon any instruction or query was three days when it initially sent the stock transfer form and transfer request. And it has explained that was because of the requirement for a stock transfer form to be produced and the subsequent need for a wet signature.

So, while it's evident that Mr G experienced a delay with the transfer of this particular holding, I can't agree it was caused by any error or inaction by Cofunds. The earliest Cofunds was in possession of the correct information it needed to complete the transfer was 28 December – a month after the initial transfer request. And once it had that information it sent the stock transfer onto the administrator the next day.

The transfer date

I can't know the reason for the delay in the recipient platform confirming it didn't receive the fund onto its platform until 24 January 2023 or Mr G's account showing it on 25 January.

I've seen a screenshot of Cofunds transaction details for the in-specie re-registration which show a 'transaction date' of 9 February and an 'effective date' of 6 January. Despite Cofunds not knowing this until February, it has told us that the fund manager placed the trade date on 6 January 2023, hence it recording that date in its own records.

I asked Cofunds for more information about this. It couldn't provide evidence of the fund manager placing the trade date, but I note that the holding did show on Mr G's account with the recipient platform on 25 January, so earlier than 9 February in any event.

I also asked Cofunds about why it hadn't reconciled that the holding had been transferred with its own records sooner. It explained that during its monthly reconciliation on 8 February it evidenced the units held on its system didn't match the unit amount held within its nominee. This alerted it to the fact that the transfer had been completed without any confirmation from the fund manager, which it would usually do. So, the transfer couldn't be identified by Cofunds any sooner than it was, and the transfer completed on 9 February in Mr G's account with Cofunds.

But from the information I have seen I can't agree that any delay in the fund showing on Mr G's account with the recipient platform was Cofund's error. And I appreciate that Cofunds – bearing in mind its own 12-week turnaround timeframe (which I refer to below) for such a transfer – it may not have considered an instruction given at the end of November and completing in January to be of concern. And during this time Mr G wasn't out of the market – so there was no potential for a financial loss – because the transfer was in specie. But I do appreciate that Mr G had real concerns about the whereabouts of his holding during this time.

The delay

Mr G is correct in that HMRC's ISA transfer times are 15 working days for transfers between cash ISAs and 30 calendar days for 'other types of transfer'. But importantly, the guidance is just that – guidance. It's not mandatory. It doesn't say transfers *must* happen in those timescales – instead that they should do. And from my experience of dealing with similar complaints, sometimes it's just not possible to transfer within HMRC's guidelines.

Cofunds has told us that for an in-specie ISA transfer such as this can take up to 12 weeks because of the multiple funds and managers, all with their own timescales. And in this case a stock transfer form was needed which added further time because of the administration involved. But I'm satisfied that Cofunds did proceed with a timely transfer – between

28 December and the holding appearing on Mr G's account with the recipient platform on 24 January, so less than a month. However, I appreciate that Mr G wasn't aware that there was a potential for such delays, which no doubt would have reduced his anxiety and concerns if he had known this in advance of the transfer.

That being said, I recognise that Mr G's transfer was being handled during the Christmas period and I think consideration must be had for that and the postal delays I have referred to above. I've further borne in mind that the error wasn't caused by Cofunds in the first instance – it was initially given incorrect information which wasn't corrected until 28 December. And because of the need for physical stock transfer forms, rather than it being an electronic transfer, this inevitably led to delays after the initial error was discovered.

Updating Mr G

I note that Mr G was in contact with both the recipient platform as well as the unit trust investment manager. He was also in touch with a third party – a financial services business who I assume was his financial adviser – who he says was also in contact with Cofunds. It is clear that Mr G was concerned about the apparent lack of action being taken by the parties, his desire to get the transfer moving and completed as soon as possible.

Mr G has said that 'any normal company would contact a customer if they knew there was a concern about missing funds, which there was.' Cofunds has said that as transfers are dealt with between the platform providers – and in this case because it was a re-registration transfer, the fund administrator – it wouldn't usually make contact with a customer during this time unless it needed further information from them.

Any communication would go via the platform providers and the fund administrator. And from my knowledge of ISA transfers, and dealing with similar complaints, this is also my understanding and industry standard. Once the customer had made the transfer request itself with the recipient platform details etc, there would be no need for further customer involvement.

While no doubt Mr G was worried about the delay in the transfer, it wasn't ever the case the asset was 'missing'. Rather it was an issue between the two platform providers and unit trust administrator matching the necessary information. As has been established, this was caused by an incorrect identification number, but I appreciate Mr G wouldn't have been aware of this. While no doubt this was worrying and frustrating for Mr G, I'd like to assure him I'm not concerned that there was any potential for fraudulent activity, rather it was an administrative issue that caused the delay.

I appreciate Mr G was concerned that he wasn't updated by Cofunds about any delays in the transfer of his holding and I asked for more information about this as Mr G told us he contacted his (I assume) financial adviser who in turn got in touch with Cofunds chasing for the asset to be transferred.

I've reviewed Cofunds phone records and see that Mr G's adviser first called on 6 January 2023 and was told the second manual transfer had been re-sent on 29 December – which was correct. Mr G first called on 24 January and was advised about the stock transfer, given contact details about the fund manager and that a complaint acknowledgement had been sent.

As referred to above, Cofunds wasn't aware at the time of these calls that the asset had been transferred by the fund manager without it knowing. So, it couldn't have provided any more of an update about the transfer than it did – that the transfer was in progress.

However, I would reiterate I don't find it unusual that Mr G wasn't proactively contacted by Cofunds about the transfer I say this because from Cofunds' point of view there wasn't 'a concern about missing funds'. It had been given the incorrect identification number by the recipient platform, that had been recognised and it was working to resolve that. It was in control of the issue.

And I don't think that by making Mr G aware of this would have assisted in speeding up that transfer – which it was in the process of doing in any event – other than keeping him informed. I appreciate that Mr G would have liked an update and he wasn't made aware of the reason for the delay of this holding until his adviser made contact on 6 January, but as mentioned above, because it's a platform-to-platform transaction, in the usual course of events, the customer wouldn't be contacted.

Taking all of the above into account, I don't think Cofunds needs to do anything more. I can't see that it was responsible for the delays in the transfer of the fund. And while I fully appreciate that Mr G would have liked to have been informed by Cofunds that there was an issue with the transfer, I don't think it unreasonable for Cofunds to have not proactively contacted him. This isn't unusual during a platform to platform transfer and as far as Cofunds was concerned, the incorrect identification number was in the process of being resolved. So, it didn't consider that it had to inform or involve Mr G.

In conclusion, I don't think that Cofunds has done anything wrong, and it has already paid him £250 for the error and delay in the handling of his complaint. So, it follows that I don't uphold Mr G's complaint.

No doubt Mr G will be disappointed with the outcome to his complaint. It's clear he feels very strongly about it, and I thank him for his submissions. But I hope I have been able to explain how and why I have reached the decision.

My final decision

For the reasons given, I don't uphold Mr G's complaint about Cofunds Limited trading as Aegon about the delays in his ISA being transferred.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 April 2024.

Catherine Langley
Ombudsman