

The complaint

Miss P complained about the service provided by Nutmeg Saving and Investment Limited. She said it failed to transfer a cash balance from her ISA to a third party and instead transferred it to one of her bank accounts. Miss P said it had caused great disruption, worry and distress and she would like compensating for this.

What happened

In September 2022, Miss P was looking to make a partial transfer of some of her funds from her stocks and shares ISA with Nutmeg to a third party. Miss P put in a transfer request on 12 September 2022. There was initially some confusion as to whether Miss P wanted to make a withdrawal or transfer but on 16 September 2022, she clarified that she wanted to make a transfer.

On 26 September 2022, Miss P called Nutmeg and asked whether the funds had instead been transferred to one of her bank accounts instead of being sent to the third party. Initially the representative from Nutmeg said the transfer was in hand, but then later that day Nutmeg confirmed that it had made an error.

Nutmeg had made a mistake and transferred the funds, earmarked for transfer to the third party, instead to one of Miss P's bank accounts. A day later on 27 September 2022, Nutmeg contacted Miss P and confirmed that if she paid the money back into one of its accounts then it would proceed with the transfer. It confirmed with Miss P that paying the money back in, would not count as a new subscription.

On 30 September 2022 the funds arrived back with Nutmeg, and it carried out its part of the transfer. On 4 October 2022, the third party received the funds.

Miss P complained to Nutmeg and said it had negligently failed to transfer the cash balance from her ISA to the third party. She said it had caused her great disruption, worry and distress dealing with three different parties. She said the customer service from Nutmeg had been frustrating.

Nutmeg replied and said it upheld Miss P's complaint. It said sorry for the error and inconvenience it had caused. It offered £75 as a gesture of goodwill. It said it rectified the error by placing the funds back into an ISA and then completing the transfer in a timely manner.

Miss P wasn't happy with Nutmeg's response. She said £75 was an insulting offer and not reflective of the distress and inconvenience she had suffered.

I issued a provisional decision on this complaint in July 2023. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"I uphold Miss P's complaint. I currently think £100 compensation for distress and inconvenience is a fair and reasonable amount for Nutmeg to pay. I don't currently think it needs to do anything further.

These are my findings that explain why:

- Miss P put in a transfer request to Nutmeg on 12 September 2022. She was looking to transfer part of her funds to a third party.
- On 26 September 2022 Miss P called Nutmeg to ask whether it had transferred these funds to one of her bank accounts instead. Nutmeg, later that day confirmed it had made a mistake.
- Nutmeg made contact the next day to suggest action to rectify its error. It asked Miss P to pay the funds back and it would then transfer them to the third party. It said at this point that its error would not affect the tax efficiency of her investment. The transfer then took place, and the third party received the funds on 4 October 2022.
- Nutmeg offered £75 compensation for distress and inconvenience caused by its error. Our investigator then increased this amount to £100 in her view and the business agreed to pay this. Miss P though, thinks Nutmeg should pay a higher amount and has asked it to award at least £300.
- I can see that Nutmeg has made an error here and it has acknowledged and said sorry for this. I can see that the error it made would have caused Miss P distress and inconvenience. She would have seen the funds be transferred into her account and not to a third party like she had instructed. And Miss P has said this caused her worry and a great disruption as she had to discuss this with three different parties.
- I can also see that Nutmeg acknowledged and took responsibility for the error it made, on the same day and then a day later took action to rectify its mistake. It was able to minimise the amount of distress and inconvenience that Miss P would have been under, by acting quickly. I think when I consider all of what I have just said, an award of £100 that Nutmeg has agreed to pay, on balance seems fair and reasonable.
- Nutmeg made an error, and this caused a delay. It stands to reason that if it hadn't made the mistake, that it would have transferred Miss P's money to the third party sooner. But although I do think there was a short delay caused by Nutmeg, I don't currently think it was unreasonable. Nutmeg put in remedial action quickly after it had realised things had gone wrong.
- The transfer that Miss P initiated on 12 September 2022 took 23 calendar days to complete. So, even with Nutmeg making an error and causing a small delay, it was able to complete the transfer in reasonable time, and within the government guidelines of 30 calendar days for the transfer of stocks and shares ISAs between providers. So, it follows that I don't currently think Nutmeg are responsible for any investment losses here, as I don't think the short delay it caused overall was unreasonable.

Overall, I uphold Miss P's complaint and agree that she suffered distress and inconvenience by Nutmeg due to an error it caused. Nutmeg do not need to do anything further."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. Miss P responded and asked why I hadn't confirmed the amount of financial loss that the investigator had previously referred to in her view. She asked that I supply her with the calculation for financial loss and confirm the total amount. Nutmeg did not respond.

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.

Miss P has asked why I hadn't confirmed the amount of financial loss she would receive in my provisional decision and has asked to be supplied with a total amount. But I made a conclusion within my provisional decision that Nutmeg were not responsible for any investment losses. I will explain again why I think this is the case.

Nutmeg made an error, and this caused a delay. But Nutmeg put in remedial action quickly after it had realised things had gone wrong. The transfer took Nutmeg 23 calendar days to complete. So, even with Nutmeg making an error and causing a small delay, it was able to complete the transfer in reasonable time, and within the government guidelines of 30 calendar days for the transfer of stocks and shares ISAs between providers.

So, although I do think Miss P suffered some distress and inconvenience for having to deal with the issues relating to the error Nutmeg made, I don't think the error contributed to an unreasonable delay. The transfer was still completed by Nutmeg within a reasonable timeframe and within the Government guidelines for a transfer of this nature.

So, it follows that I don't think Nutmeg are responsible for any investment losses here. But I do uphold Miss P's complaint about the error caused by Nutmeg and the distress this caused her. Nutmeg now needs to put things right.

Putting things right

For the reasons given above, Nutmeg needs to:

- Pay Miss P £100 for distress and inconvenience for making an error that caused disruption. Miss P needed to speak to three different parties to resolve the error that Nutmeg made.

My final decision

My final decision is that I uphold Miss P's complaint about Nutmeg Saving and Investment Limited. I direct Nutmeg Saving and Investment Limited to put things right as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 15 September 2023.

Mark Richardson
Ombudsman