

## **The complaint**

Mr H has complained that Interactive Investor Services Limited (II) caused avoidable delays in the transferring of shares. He is also unhappy with the level of service he received.

## **What happened**

In April 2021, Mr H contacted II and requested a transfer to them, of shares from another provider. II say they contacted Mr H subsequently on three occasions in April, May and June 2021 by email, asking that he log the request at the third-party transferor. II say that as they didn't hear further from Mr H or the transferor, the request was cancelled at their end on 22 June 2021.

Mr H then contacted II on 23 July 2021, to query the cancellation. After speaking to a manager as he was not happy with the explanation, he says he was told to send in a transfer form and that II would contact the transferor on this occasion.

However, II say they didn't receive a form until 25 August 2021 and after asking Mr H to amend it, the correct form was received on 27 August 2021. II then contacted the transferor, but their US office. They were then told to contact the UK office on 10 September 2021. II say they contacted Mr H twice in September 2021 by email, asking if he had initiated the transfer with the transferor. On 24 September 2021, they then told him that the form was incorrect as it had the US entity of the transferor. II went ahead with the transfer anyway and it was completed on 6 October 2021.

Mr H complained to II. He said that the transfer had taken too long (six months from the original request) and wanted to be compensated for it. He also said that information hadn't been clear and he was unhappy that he was left with a small shareholding with the transferor.

II responded to say that they were sorry if they hadn't been clearer in some of their communications and paid Mr H £100 for the inconvenience of this. However, they said that the delays had been caused by Mr H not doing what was required and not responding to them in a timely manner. They also said that a small shareholding had been left as they were fractional shares (likely purchased through dividend reinvestment) and couldn't be transferred whole. They explained they would need to be liquidated and the proceeds either withdrawn, transferred as cash or reinvested.

As no agreement was reached, the case was brought to this service for an independent review. An investigator looked into it and he said that the £100 offered by II for their role in the delays was fair. He felt that the majority of the delay was caused by Mr H failing to respond in a timely manner and providing incorrect transferor details, namely the UK arm instead of the US.

Mr H responded to say that he didn't agree. He said he wasn't responsible for the delays and

that the II systems and forms weren't clear enough. He also said that he had lost money by being advised not to switch the shares into another investment until the transfer had completed, as the price subsequently fell.

II have subsequently offered a further £100 to Mr H (total of £200). They said this was to recognise that they should have identified it was the US arm they needed to contact sooner. Mr H didn't respond to this increased offer. The case has now been passed to me for a decision.

I issued a provisional decision on 27 July 2023, an extract is below and forms part of this decision.

#### My provisional decision

I think the new offer made by II to settle this complaint is fair. I'll explain why.

I have first looked at the period from when Mr H told II he wished to transfer a shareholding to them in April 2021, until they received a correctly completed form on 27 August 2021. I think that this delay was primarily caused by Mr H not responding and not providing what was required. Mr H was asked on at least three occasions during this time to contact the transferor to initiate the transfer. This is standard industry practice and wasn't done.

Mr H did finally contact II over the phone on 23 July 2021 and after that, it was agreed that a workaround could be found. Where Mr H would complete a form and give the relevant information to II, who would contact the transferor to initiate the transfer. The necessary information was given correctly on 27 August 2021. However, I do think II caused a further delay after this point. They contacted the incorrect entity of the transferor, despite being aware who the correct arm to contact was from the call in July. This caused a period of delay of almost two weeks until a rejection letter was received from the transferor on 10 September 2021. This also caused some further confusion after this point, when II again asked for new forms from Mr H before their transfer team agreed to use the information it had, on 29 September 2021 and the transfer was completed shortly afterwards at the beginning of October.

II have offered a total of £200 compensation for their part in the delays and the distress and confusion caused by their lack of clarity. I think this is fair in the circumstances and considering the impact caused to Mr H. They are not at fault for most of the delay and never did receive all the initially required information for a transfer, instead providing several workarounds.

Mr H has queried why his full shareholding wasn't transferred over and there is a residual number left. II have confirmed that this is a 'fractional shareholding', likely purchased through dividend reinvestment and can't be transferred over as is industry practice. They have given Mr H options to contact the transferor and liquidate the holding, to receive or transfer as cash. I think this is fair.

Mr H has also complained that he should also be compensated for a loss in share value, from not being able to switch or sell the investment sooner. He says he was told to wait before doing so and the delays caused a loss in value. However, I haven't seen anything to conclude that he was told this. Mr H could have made the decision to switch or sell earlier if he so wished so I don't hold II responsible for that.

In summary, I do think II could have acted quicker and clearer at times. In particular,

between 27 August 2021 and 29 September 2021. However, I think their total offer of £200 fairly compensates Mr H for the impact of this. Especially considering much of the delay was caused by his lack of response and not providing the necessary information. I am glad to see that II agreed in the end to facilitate the transfer with the information they did have, saving any further delays.

II responded to say that they accepted the findings of the provisional decision and had nothing further to add.

Mr H responded and confirmed he was happy to accept the findings of the provisional decision in settlement of the complaint. However, he wanted it recorded that he hadn't received the offer of a further £100 and that it was incorrect to say he hadn't responded to it. He said that it hadn't been made using his requested method of communication and so he hadn't received it, rather than not responding to it.

### **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.

As there is nothing further for me to consider, my decision remains as outlined in my provisional decision – for the same reasons. Although I am happy to clarify that I agree with Mr H, that he didn't receive the further offer. Not that he didn't respond to it, as previously stated.

### **My final decision**

For the reasons given above, my final decision is that the further £100 (a total of £200) offered by Interactive Investor Services Limited is fair in the circumstances and should be paid to Mr H in settlement of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 September 2023.

Yoni Smith  
**Ombudsman**