

The complaint

Mr H complains about Zopa Limited's handling of the transfer of his Innovative Finance ISA to a new provider. He says delays have caused him a financial loss and he has suffered hassle and stress by the way the transfer was handled.

What happened

In December 2021, Mr H requested a transfer of his ISA to a new provider. The transfer forms were sent to Zopa on 23 December 2021, but due to delays the transfer didn't complete until the start of March 2022. Mr H says during the transfer process, Zopa failed to respond to communications and he spent a lot of time chasing. He also says Zopa transferred an incorrect amount, which had to be retuned and corrected. At the end of February, as the transfer still hadn't completed, Mr H raised a complaint about the way Zopa handled things.

Zopa responded. It said it didn't receive the initial transfer form from the new provider, and the first contact it received was a chaser in January. It said its procedure is to not respond to chasers, and the first time it received a transfer form was in mid-February 2022. It also acknowledged an error occurred with the transfer amount and had corrected this. It made Mr H a goodwill offer of £50 that was later increased to £100. Mr H didn't accept the offer and referred his complaint to this service for an independent review.

I issued a provisional decision in September 2023. This is what I said:

"I've reviewed the available evidence regarding Mr H's ISA transfer. Having done, so I'm satisfied there were delays caused by Zopa that prevented Mr H from investing his funds sooner with his new provider.

There is evidence that Zopa received communications from the new ISA provider on 10 January 2022. It said it didn't receive the original transfer form that was sent, and as this was only a chaser it didn't respond. Zopa says the reason for this was that its process at the time wasn't to respond to chasers.

I've considered Zopa's submissions around why the transfer took longer than expected. Zopa was made aware of the transfer at least by 10 January 2022. While it says it had a process not to respond to chasers, I don't think it is reasonable to expect Mr H to accept delays because of this. If it had reviewed and responded to this communication, it would have realised that Mr H was attempting to transfer, and it could have been completed sooner than it was.

In Zopa's submissions to this service it has conceded that it should have completed the transfer within 30 days of receiving notice of the transfer. It has calculated that the transfer should have been done by 9 February 2022 – and as the transfer didn't complete until March there was a 20-day delay. The investigator thought that Mr H should be compensated for any potential investment loss because he didn't have his funds available to invest on 9 February 2022. She accepted the timeframe that the transfer should have been completed within the guidelines of 30 calendar days from 10 January 2022.

Mr H has provided a copy of his ISA statement. This shows he received the transferred funds from Zopa into his ISA on 3 March 2022. But he didn't make any immediate investments, rather he proceeded to invest money from 17 March 2022 and over the next week he had invested the majority of the £70,000. It isn't possible to calculate investment loss in the way the investigator suggested, as Mr H didn't invest his money immediately after receiving it. This calculation would require a comparison of what was actually purchased at the time of receipt of the funds and what it would cost to buy the same investments on 9 February 2022. But as the money wasn't fully invested until a few weeks later this methodology wouldn't give an accurate outcome.

Mr H says he would have invested the funds in a FTSE tracker fund if the transfer had been received sooner, without delay. But he says he didn't follow this strategy when he actually received the funds as the investment landscape had significantly changed and he instead did a phased purchase of a number of different shares and ETFs, with only a small proportion of his funds going into a FTSE tracker type investments.

I understand Mr H's comments about the investment landscape changing between when he started the transfer process, to when he received his funds. I'm also conscious that from a quick research of the FTSE performance in the relevant period, it began to drop from around the 9 February and was still falling by the start of March. So, it is possible that had Mr H receive his funds sooner and followed a strategy to invest in FTSE tracker funds the value of his investment would have actually gone down during the delayed period. But all of this is hypothetical and using the benefit of hindsight. It leads me to conclude there isn't certainty around how Mr H would have invested but for the delays and also that it is difficult to say that he has suffered an investment loss due to the delays. So I'm not intending to ask Zopa to consider an investment loss.

But clearly the whole process has been made more difficult by Zopa's handling of the transfer - and I think further compensation should be paid to Mr H due to this. I've listened to calls Mr H had with Zopa about the transfer. He is clearly frustrated that no action is being taken. He had to chase several times and wasn't always given clear information about what was happening, or why the transfer wasn't being processed. There were delays in the process that I find Zopa responsible for. This caused uncertainty for Mr H and led to him spending time trying to get to the bottom of what was going on. There were also mistakes in the amount transferred that caused hassle and needed to be corrected. I don't think the £100 Zopa has offered Mr H is sufficient compensation for the distress and inconvenience Mr H has suffered as a result of the whole process. I note Mr H's request for compensation for the time he has spent dealing with inquiries from this service. We are a free service to the public, and don't make awards for the time spent as part of our investigation.

To put things right, I intend on telling Zopa to pay Mr H £300 (less anything it has already paid him) in compensation to recognise the full impact on him by the way the ISA transfer was handled."

Mr H responded to say he accepted the proposed compensation. He reiterated that so far Zopa hasn't paid him any compensation and confirmed he had not received the £100 it originally offered.

Zopa also responded to say it accepted the 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.

As both Mr H and Zopa accepted my provisional findings, I've got no reason to change the outcome I set out in my provisional decision. I have noted Mr H's comments that he hasn't been paid any compensation by Zopa yet – this being the case - Zopa needs to pay the full amount I have set out below in order to fully compensate him.

To confirm, for the reasons described in my provisional decision, I find Zopa has caused delays in the handling of Mr H's ISA transfer, and he has suffered distress and inconvenience as a result. To compensate Mr H for this impact, Zopa need to pay £300 in compensation.

My final decision

I uphold this complaint and instruct Zopa Limited to pay Mr H £300 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 October 2023.

Daniel Little
Ombudsman