

The complaint

Miss S complained about the service provided by Clydesdale Bank Plc trading as Virgin Money ('VM') after she requested an ISA transfer, initially to another business whom I'll call 'G' and then to a provider of financial services whom I'll call 'W'. She said VM was responsible for mishandling the transfer requests resulting in delays which caused her immense anxiety and stress.

To put things right, Miss S asked for more substantial compensation than VM had offered.

What happened

The following timeline briefly summarises what happened when Miss S decided to transfer her cash ISA to a stocks and shares ISA elsewhere.

9 May 2022 – G confirmed to Miss S the details of her completed Cash ISA transfer instruction.

27 June 2022 – G posted Miss S's completed transfer request to VM. This was not responded to as it was not received at the VM office location that dealt with Miss S's ISA.

14 July 2022 – G resent Miss S's completed transfer request to VM by email.

12 August 2022 -VM notified G that Miss S had provided an invalid account number.

17 August 2022 – G confirmed to VM that the account number quoted was correct. VM emailed Miss S confirming the address that her transfer request needed to go to in order for VM to be able to action it.

22 August 2022 – Miss S emailed VM to say that G had '*resent everything for the third time*' and that she was still waiting to hear from VM.

27 August 2022 – Miss S emailed VM to say that due to the ongoing delay she wished to cancel the ISA transfer to G and she would send VM fresh instructions in due course.

6 September 2022 – W sent VM a correctly addressed signed transfer form.

14 September 2022 - VM received the transfer request from W.

22 September 2022 –VM contacted W explaining that it could not complete the transfer as it was unable to verify Miss S's signature.

3 October 2022 – VM wrote to W advising it would need a new form to be signed and sent.

7 October 2022 – VM received a second transfer request from W which it actioned the same day, transferring the ISA balance to W, less a penalty charge which Miss S incurred under the ISA terms and conditions.

Miss S complained to VM about the way it had handled her transfer, the poor service she'd experienced when trying to find out what was happening and VM's failure to deal effectively with her complaint about what happened. VM partly upheld Miss S's complaint.

In brief summary, VM didn't uphold the following complaints:

- that it didn't complete the transfer of Miss S's Cash ISA to G
- about delay transferring her Cash ISA to W
- that it hadn't kept her updated during the complaint process
- letters to Miss S had been incorrectly addressed.

VM agreed however that:

- it had taken too long to resolve Miss S's complaint
- she had experienced unacceptable call wait times
- she'd had issues registering for online banking
- she'd had problems trying to contact VM to find out what was happening with the transfers
- she'd received an email querying the complaint issue when Miss S had previously sent VM all the complaint details.

VM offered Miss S £200 compensation for the distress and inconvenience she'd been caused.

Miss S didn't feel this was enough to resolve things and she brought her complaint to us. One of our investigators looked into what happened. She concluded that VM didn't need to do anything more than it had offered already to put things right as the transfer had completed within government guidelines and we can't award compensation for VM's complaint handling.

Miss S disagreed with the investigator. In brief summary, Miss S mainly said that:

- she was disappointed with the brevity of the investigator's report and didn't think that all the key issues had been identified or properly understood
- the investigator had failed to comment on a number of aspects of VM's response to her complaint which were contradictory and which Miss S disputed were correct – including the reason for requesting W to supply a further signed transfer
- it had taken VM over a month to decide it couldn't verify her signature when W sent the transfer request, even though her signature was verified on the G transfer and the second form she signed – and nothing had changed
- she was disappointed with what the Financial Ombudsman Service could offer
- she was unhappy that the investigator hadn't mentioned or followed up on an offer to continue to try and broker an agreed resolution to the complaint between VM and G.

The complaint came to me to decide. I issued a provisional decision.

What I said in my provisional decision

Here are some of the main things I said.

'I can appreciate how strongly Miss S feels about this complaint. HMRC guidance says that transferring a cash ISA shouldn't take longer than 15 working days. So it's completely understandable that the length of time taken to complete a transfer that she started in early May 2022 caused Miss S so much frustration and stress.'

Just to clarify one point mentioned by Miss S – when she asked for her complaint to be referred for an Ombudsman's decision, the investigator explained that this would involve a completely new, separate review of her complaint. This is the reason that the investigator was no longer actively involved in pursuing an agreed resolution to the complaint between VM and G.

My role is to consider all the evidence presented by the parties and reach a fair and reasonable decision based on the facts of the case. We provide an informal complaints handling service and this is reflected in our approach. I've expressed some of Miss S's concerns in my own words and my focus is on what I think are the key issues here. Our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. This means I won't necessarily mention everything that Miss S has brought to my attention, especially where I have nothing to add to what the investigator has said already. But I will comment on everything that makes a difference to the outcome of the complaint.

The industry regulator, the Financial Conduct Authority (FCA), says our service can only look into complaints about regulated activities, and complaint handling isn't a regulated activity. We can however consider the customer service Miss S received and that's what I've concentrated on in my decision.

Miss S's core complaint concerns the length of time it took to complete her transfer request. So I must decide whether there is sufficient evidence to conclude that VM failed to process a properly completed transfer within a fair and reasonable timescale. I will take into account the relevant law, regulatory requirements and best industry practice. I can tell VM to pay compensation or take other steps to put things right if I am satisfied that VM did something wrong or acted unfairly or unreasonably and this led to Miss S suffering some detriment and/or financial loss.

Miss S feels that when G sent the transfer request to the wrong VM office, this ought not to have held up her transfer and she says VM should have had some internal process enabling her transfer form to be redirected to the correct office. VM explained that it has offices over 100 miles distant from each other which deal with ISA transfers from different parts of its business – these are run separately and each office can deal only with the ISA's it is set up to handle. VM told us it does have an internal procedure whereby paper requests can be redirected but it appears that the documentation G incorrectly sent to the wrong office *'could not be identified'* by that team. It has since said that: *'I can't see that this request was ever received so I can't comment on why this wasn't passed between departments as we have no record of it being received'*.

Miss S mentioned that there was ongoing correspondence between G and VM concerning the validity of the account number she had supplied. As far as I can see, Miss S had correctly quoted the account number shown on her ISA statements although VM continued to assert that the account number was incorrect even after G (and Miss S) had checked and confirmed this information. I asked VM to explain this further as I didn't feel it had explained why it appeared initially not to recognise the number or identify the account as an ISA it was responsible for.

VM said that if G requested the transfer electronically through the VM system, this would have been automatically rejected as 'invalid account details' because the ISA Miss S held related to an account opened by a predecessor bank that wasn't accessible via VM systems. VM said its ISA team had confirmed they didn't receive a transfer request from G and *'if there was a manual decline, it would have been them that sent it and they would have a record of this.'*

From the information I've seen and been told, it's unclear what happened to the transfer requests G sent to VM. But I don't think I need to make any findings about VM's role in this transfer because I think it's fair to say that most of the overall delay rested with G and the onus was on G as the acquiring business to have been more proactive. I've also taken into account that VM's contact details for Miss S's ISA appear to have been correctly shown online and available throughout. And after VM confirmed this information to Miss S on 17 August 2022, it's my understanding that, within the next 10 days, G subsequently sent the transfer request to the correct office but Miss S decided in the event, not to go ahead with the transfer to G. So, I can't fairly uphold Miss S's complaint that VM didn't complete the transfer of her Cash ISA to G when she discontinued the transfer herself.

But I am planning to uphold her complaint about the delay and poor service on VM's part during the process of transferring her Cash ISA to W for the following reasons:

- On 14 September 2022, VM received the fresh transfer request Miss S had completed with W. It was over a week before VM told W, on 22 September 2022, that it could not complete the transfer as it was unable to verify Miss S's signature. And another 10 days or so before VM requested completion of a new transfer form. I think these delays were excessive, keeping in mind the 15 working days timescale in HMRC guidance for completing this sort of transfer.
- Plus, it was unclear to me why VM hadn't been able to verify Miss S's signature and when I asked VM for more information about this, it said: *'It's not clear exactly what the issue was with the signature or whether that note has been added correctly, however the transfer form doesn't specify that Miss S accepts the penalty for early closure. Once a new form was received with this specified, the transfer went ahead.'*
- I've compared the two ISA transfer authority forms that Miss S completed, originally on 27 August 2022 and later, at VM's request, on 4 October 2022. The main difference seems to be that Miss S has added her signature to the part of the form where she had ticked a box to confirm her instructions to transfer the whole balance of her Cash ISA *'together with any interest, dividends, distributions, rights and any other cash within my ISA (less any amounts you are entitled to keep under the terms of the Plan including exit penalties).'*
- VM has also told me that *'I am not sure why the signature could not be verified however the transfer was also rejected due to the penalty not being specifically accepted.'*
- I think it's possible that this explains why VM asked for Miss S's further signature, because after she had signed next to the part of the form that mentioned exit penalties, VM actioned the transfer promptly. But I don't think this was a reasonable requirement on VM's part. The wording of the form already covered her situation and Miss S had given valid consent when she signed the form the first time. VM has no other explanation for requiring Miss S to provide a further signature. So I find that VM was responsible for causing the transfer to be unreasonably delayed when it rejected the transfer form it received on 14 September 2022.

I also find that letters to Miss S had been incorrectly addressed and although VM didn't uphold this complaint, I can see this did happen on occasion. VM was also sending Miss S correctly addressed correspondence around the same time telling her what she needed to know. So I don't think Miss S missed out on any information. And VM wasn't responsible for postal delays. But I appreciate nevertheless why this added to Miss S's overall sense of

frustration and lack of confidence in VM's handling of this matter generally, and I've kept this in mind when thinking about redress.

I can also understand why Miss S felt let down when she wasn't able to reach a contact at VM that she thought would continue to help her to sort things out. The contact had already provided Miss S with the information she needed to know to be able to progress her transfer and this person wasn't involved in the transfer so there was no particular reason for her to be involved further. But I don't think this was clearly explained to Miss S who had come to depend on that line of communication and it's unsurprising that this contributed to her feelings of disappointment in VM.'

What the parties said in response to my provisional decision

Miss S accepted my provisional decision.

VM disagreed and mainly said that:

- it was incorrect to say that there was no difference between the first and second transfer request forms, other than an additional signature from Miss S, as the first form received states: "*less any amounts you are entitled to keep under the terms of the plan*" but didn't specifically indicate that Miss S was aware of penalties that would be applied. The second form had Miss S's signature next to wording which was edited to include the words: "*including exit penalties*" and this is why the second form was accepted when the first one was declined.
- The request dated 6 September 2023 and sent to VM via post was received on 13 September 2023 and rejected by VM the next day. VM doesn't agree that it caused any delay with the rejected transfer request and once sufficient paperwork was received the transfer was completed within the 15 day timescale.

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.

I've taken carefully into account everything that's been said in response to my provisional decision. And whilst I have highlighted above what seem to me to be the main points of concern raised, I'd like to assure VM that I've thought carefully about everything again before coming to my final decision.

My starting point is that Miss S was entitled expect VM to treat her fairly and reasonably. So VM needed to ensure that specific requirements that needed to be met in order to process her transfer request were brought to Miss S's attention at the earliest possible opportunity once it was aware of her transfer intentions.

As far as I am aware, this issue hadn't been flagged up during the previous transfer request, so Miss S was unaware this would be an obstacle to proceeding with her second transfer request. This put an onus firmly on VM to provide clarity as soon as it was apparent the second transfer request form didn't match all its requirements.

VM hasn't provided me with any new information that changes what I think about this case.

In particular, given that VM had very specific wording requirements it required to see before actioning the transfer request, I think VM could and should have made this clear when it rejected the initial transfer on 14 September. I consider its failure to do this was unfair.

Had VM mentioned the edited wording it wanted to see on the form on 14 September, I think it's likely this could have been responded to straightaway, or at most, within a few days, given that Miss S had been clear all along that the exit penalty she would pay didn't matter to her and her priority was to complete the transfer.

Similarly, VM missed the further opportunity on 22 September to clarify that it specifically wanted to see Miss S's signed confirmation with regard to exit penalties. It rejected that transfer for a different reason to do with Miss S's signature which it can't now explain – and has said more recently that the note suggesting the transfer was rejected for this reason might not be correct.

I've also kept in mind that VM said it required the amended wording because the original wording didn't specifically indicate that Miss S was aware of penalties that would be applied. But, as far as I can see, the edited wording VM subsequently accepted didn't do this either – it simply added some detail to the general authority she had signed to transfer (effectively) the balance of her cash ISA minus any amounts not due to her – which would have already included any consequential penalty.

VM hasn't commented further on anything else I mentioned in my provisional decision and I have addressed in my provisional decision all the points which have a bearing on the outcome.

I appreciate that VM takes a different view to me. But I still think it's fair to uphold this complaint for the reasons I explained more fully in my provisional decision.

And I am satisfied that the redress I have directed is broadly fair to put Miss S into the position she would have been in if VM had acted fairly and reasonably when dealing with her transfer.

To give VM more flexibility, I have included below a further option for the way redress can be worked out. This will not result in any detriment to Miss S.

Putting things right

Miss S has provided evidence that shows on 14 October 2022 she invested the cash transferred to W on 7 October 2022 (£9,649.76) into an investment described as 'ISA-Growth- Adventurous'. So I think it's likely, had VM responded appropriately on receipt of the original form on 14 September 2022 making its requirements clearer, Miss S would have likely been able to reinvest her transferred cash ISA proceeds within a week. So VM should work out redress accordingly.

VM should take the following actions:-

1. Calculate the number of units Miss S would have purchased with the £9,649.76* had she invested on 21 September 2022 in the same way (or as close as reasonably possible to the way) she actually did invest on 14 October 2022.
2. The number of units calculated at (1) should then be valued at the date of my decision.
3. To the figure calculated at (2) should be added the amount of any dividend that Miss S would have received if Miss S had held these units calculated at (1) on 21 September 2022. This total figure, including any dividend, represents the *fair value*.
4. The number of units that were actually purchased by this £9,649.76 investment should also be valued at the date of my decision. This represents the *actual value*.

If the *actual value* is greater than the *fair value*, no compensation is payable. If the *fair value* is greater than the *actual value*, there is a loss and compensation is payable.

Any compensation due should be paid to Miss S.

VM should provide details of the calculations to Miss S in a clear, simple format.

If the compensation is not paid within 28 days of VM receiving acceptance of my decision, interest at 8% per annum on any loss identified will be payable from the final decision date to the date of settlement. Income tax may be payable on this interest, if paid.

If VM deducts income tax from the interest, it should tell Miss S how much has been taken off. VM should give Miss S a tax deduction certificate in respect of interest if Miss S asks for one, so Miss S can reclaim the tax on this interest from HMRC, if appropriate.

In addition to providing redress for the investment loss, fair compensation also needs to properly reflect the impact on Miss S of VM's service failings on this occasion. I don't doubt that VM's poor handling of matters, as described above, caused Miss S significant distress and inconvenience. I am satisfied that £250 is in line with the amount this service would award in similar cases and it is fair compensation for Miss S in these particular circumstances.

**As it doesn't disadvantage Miss S, to make things simpler for VM I have assumed that the cash ISA proceeds would have been the same amount on 21 September 2022 as they were on 7 October 2022. If VM wishes to substitute here the actual amount of proceeds Miss S would have received if the transfer had completed during the week commencing 14 September and the penalty amount had been different, it should do this by working out the average amount she would have received (by looking at the daily figure that would have applied on each trading day during that seven day period and dividing this by the number of trading days).*

My final decision

I uphold this complaint and direct Clydesdale Bank Plc trading as Virgin Money to take the steps set out above to put things right for Miss S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 October 2023.

Susan Webb
Ombudsman