

The complaint

Mr P complains about the way AFH Independent Financial Services Limited dealt with his request to surrender funds from an ISA and General Invest Account (GIA). He says he has suffered a loss as a result of the way the surrender was handled.

What happened

In early June 2022, Mr P inquired with AFH about partially surrendering his investments. He says he was told that depending on whether an instruction was received in the morning or afternoon it would impact the pricing used for the surrender - either the same day or next day would be used.

In the morning on 7 June 2022, Mr P provided an instruction for a partial surrender. He was expecting to receive that day's prices, or the next at worst. But his surrender didn't action until 14 June – some seven days later. He says AFH told him the delay was due to internal processes. He was unhappy as market volatility has seen the value of his investment fall in the period he was waiting. Initially he was told he would be compensated for the delays but AFH decided not to make any payment adjustment to him. Following this Mr P raised a complaint.

AFH responded – it didn't uphold the complaint. In summary it said the payment request to withdraw funds was processed within its overall service level agreement (SLA). The SLA to complete a request is five working days – which is split across various departments. It said Mr P's request was received on Tuesday 7 June 2022 at 10:58am and the sales completed within five working days, on Tuesday 14 June 2022 at 10:07. It did acknowledge the process took longer due to system access issues, but the request was still completed within the overall SLA. It also said it had no control over market fluctuations.

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

"Mr P has been clear his complaint isn't about the length of time it took to administer his surrender request – but rather that AFH is responsible for delays that meant he didn't receive the correct price for his investment. So, the crux of this complaint is whether errors or failings by AFH resulted in Mr P receiving an incorrect price for his investments when they were surrendered.

Having reviewed the available evidence it is clear there was a problem with AFH's internal processes that caused a delay. This is something that AFH has admitted both in its complaint response and in the emails it sent to Mr P when he trying to resolve the issue.

The problem seems to stem from the fact that Mr P is a staff member who was seeking to surrender personal investment he held on AFH's platform. When attempts were made by the Investment Operations (IO) team to process the surrender on 8 June 2022 an access issue occurred because of restriction placed on the system due to Mr P being a staff member. It wasn't until 14 June that the access issues were resolved. Once resolved the price used for the surrender was taken on the same day. So, this evidence suggest if there was no access

issues the price for Mr P's investment would have been taken from the day the IO team received it – that being the 8 June.

In my view AFH is responsible for this avoidable delay – and there is a failing. It appears Mr P provided all of the necessary information to complete the surrender and the problems were all at AFH's end. It took four working days to resolve the access issues and this did impact the price Mr P achieved for his investment.

While AFH says it met its SLA overall, I don't find this persuasive argument when there is evidence of delay on its part that meant the sale couldn't take place sooner. I don't find it reasonable that Mr P should suffer the loss caused by market fluctuation as a result of problems with AFH's internal processes.

Mr P has provided email evidence of discussion he had with AFH. These show there was some concession internally that it was at fault for delays – and was looking at signing off compensation. But for reason that aren't clear to me, it appears it changed its opinion on this and decided Mr P wasn't due compensation.

Having carefully considered everything, I've reached a conclusion that Mr P has been treated unfairly by the way AFH handled his surrender request. I need to decide how it should put this right. I consider that my aim should be to put Mr P as close to the position he would probably now be in if there were no avoidable delays in processing his request. To do AFH needs to calculate what Mr P would have received for his investments if they surrender price was taken from 8 June 2022. If he actually received less than this, he has suffered a loss – and it should pay him the difference. It should also add 8% simple interest on any loss from the date the funds were received to the date of settlement.

AFH has said it can't back date a transaction. To be clear this isn't what I am asking it to do. Rather it needs to calculate if Mr P has suffered a loss as a result of the delays it caused in processing his surrender request. If Mr P received more than he would have done had there been no delays, then he won't have suffered a loss – and no compensation will be due."

AFH responded to the decision and provided further submission for me to consider. In summary it said:

- Its internal process for complaint investigation ensures responses are consistent. The emails Mr P has provided do not confirm that there was a redress payment to be made. The outcome of the investigation (including any potential redress) will only be communicated once it has been approved by the Group Risk Team and potentially the PI Insurer.
- Mr P would have been aware of the internal SLAs for withdrawals. As he was an employee, AFH provides additional privacy to employees' investments, so that they are not accessible by others. Whilst an attempt was made for Mr P's investments to be interrogated on the 8 June 2022, there would always have been a requirement to obtain special access, due to the extra security noted above. AFH always aims to process withdrawal requests as quickly as possible, but workloads can and do impact the time taken to process requests and this is the reasons for SLAs to take into account additional checks.

Mr P responded to say he had no further evidence to submit.

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 considered the further submissions made by AFH, but I've not found reason to change the outcome I set out in my provisional decision. I'll explain why.

Firstly, I note the comments and information provided regarding AFH's internal complaints process – including the fact the outcome of the investigation would only be communicated once approved. I haven't seen that there was any formal communication detailing a compensation offer to Mr P. The email evidence Mr P provided indicates to me that there was some consideration by those dealing with the issue to ensure he didn't lose out because of the process delays. But in any case, this point isn't critical to my overall findings on whether AFH is at fault for delays in the withdrawal process.

I acknowledge the further points AFH make about its SLAs and the reasons why they are set - including to take account for the need for additional checks. But what is critical to my findings is whether despite the internal SLAs, were there avoidable delays that resulted in detriment to Mr P. I don't think it is reasonable to accept that adherence to an SLA can avoid accepting a failing to deal with a withdrawal request in a timely manner. So, the circumstances of what happened is what I've based my findings on. The evidence I've seen indicates that an access issue prevented the pricing of the withdrawal occurring. I've seen that daily chasers were sent by Mr P, and the responses he received don't provide specific reasons why access wasn't being granted. I also haven't seen anything to suggest additional or unexecuted checks were causing a delay. The explanation AFH has given indicates the issue was just that security access was needed as Mr P was a staff member - but this took several days to obtain. The pricing of the withdrawal is sensitive to market volatility, so any unnecessary delay can have an impact. Based on the information AFH has provided, my inference is that had Mr P not been a staff member the pricing of his withdrawal request would not have been delayed. So, while it is reasonable for AFH to have additional security in place for staff members who are also customers of the business, I don't think this means Mr P should lose out because of this when it takes several days to give security access.

For the reason given in my provisional decision and those above, I find that there has been failings in how AFH dealt with Mr P's withdrawal request. I've gone on to consider how he should be put back into the position he would probably now be in if there were no avoidable delays in processing his request.

Putting things right

To put things right AFH needs to calculate what Mr P would have received for his investments if the price was taken from 8 June 2022. If he actually received less than this, he has suffered a loss – and it should pay him the difference. It should also add 8% simple interest on any loss from the date the funds were received to the date of settlement.

My final decision

I uphold the complaint and direct AFH Independent Financial Services Limited to complete the above comparative calculation and pay Mr P any loss due with interest as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 October 2023.

Daniel Little
Ombudsman