

## The complaint

Mr F is the owner and director of a business that I'll refer to as 'F', a limited company which held a corporate General Investment Account (GIA).

F complained that £200 compensation from Interactive Investor Services Limited ('IISL') was inadequate to redress financial loss arising out of delays, which IISL admitted some responsibility for, during transfer of the corporate GIA (along with various other personal investments belonging to Mr F that are not the subject of this complaint) from a business I'll call 'T'.

F considered that as both IISL and T have acknowledged shortcomings (and been critical of each other) fair redress is due and should be apportioned according to each party's contribution to the delay.

## What happened

F wanted to transfer the corporate GIA from T to IISL and, alongside other assets Mr F held with T, F instructed ISL to arrange this.

The following briefly summarises the course of events that followed:

11 February 2022 - transfer instruction signed.  
23 February 2022 – IISL posted transfer instruction to T.  
2 March 2022 – in the absence of any response, IISL chased T  
10 March 2022 – IISL re-sent the transfer instruction.  
16 March 2022 – IISL received asset valuation from T.  
18 March 2022 - IISL received account verification from T.  
21 March 2022 – IISL received detailed transfer instructions re unsupported assets (those unable to be transferred 'in-specie' which needed to be converted or encashed).  
24 March to 30 March 2022 – further correspondence with Mr F.  
31 March 2022 – IISL sent acceptance sent to T.  
6 April 2022 – IISL received cash balance of £3,364.37 which it applied to account.  
6, 11 and 25 April 2022 – further assets were transferred to IISL and settled.  
25 April 2022 and 4 May 2022 – IISL chased T for an update regarding outstanding assets.  
5 May 2022 – cash balance of £24,144.42 received from T.  
20 May 2022 – final fund conversion completed by T.

When Mr F complained to IISL about how long the transfers had taken, including the transfer of the corporate GIA, IISL said it was '*partially*' upholding Mr F's complaint.

IISL acknowledged that it was responsible for some of the delays there had been during the overall transfer process involving this corporate GIA and other non-corporate investments. By way of an apology for the confusion and frustration it had caused in relation to the various transfers, IISL made a payment of £200 to Mr F's trading account.

F referred the complaint to us.

Our investigator said she couldn't see that IISL hadn't provided the service it agreed to and so she didn't recommend that IISL needed to take any further action.

F disagreed with our investigator, mainly saying that both IISL and T shared blame for the transfer having taken so long to complete and that redress was due for this.

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.

'In this decision I'm looking at what happened during the corporate GIA transfer and, given that IISL has partially upheld the complaint already, I'm mostly going to concentrate on the issue of fair redress.

I've taken into account that IISL said although F had previously confirmed conversion and encashment preferences, there had been exchanges taking place between 24 and 30 March 2022 when an IISL representative was seeking to have those instructions re-confirmed – which had been unnecessary. IISL also acknowledged that another representative had missed out one asset when providing a list of asset alternatives which had also contributed to some delay.

In addition to these admitted shortcomings, I also consider that IISL's delay right at the start (the 12 days between 11 February when the transfer authority was completed and 23 February 2022 when IISL posted this to T) was excessive.

IISL has since agreed saying '*...From reviewing the transfer audit, I believe we caused delays at the beginning of the transfer as we could have been more proactive in sending the initial transfer request.*' And given that initial delay, I think there was an onus on IISL to ensure things moved as quickly as possible after that – and it could and should have chased up T sooner than it did. Had it done so, it could have re-sent the authority that T said it hadn't received sooner, possibly saving another wasted week or so.

I've taken into account that IISL feels that delays it was responsible for were '*...still within normal boundaries and covered in our recommended timelines.*' And I think it's fair to say that looked at in isolation, none of the individual periods of delay were unduly excessive. But looked at as a whole, the days at a time, and sometimes a week or more, when IISL failed to act more expeditiously and efficiently added significantly to a process that ought to have been completed much sooner.

I think F was reasonably entitled to expect IISL to be more engaged and proactive overall. The Financial Conduct Authority ('FCA') has set out Conduct of Business Rules which require IISL as the acquiring platform provider to take all reasonable steps to give effect to F's transfer instructions (COBS 6.1H), including cooperating with and promptly providing T with information as necessary.

I also accept that there was other delay IISL wasn't responsible for. But even allowing for this, I find, on balance, that but for these unreasonable delays on IISL's part during this transfer, F could have reinvested sooner and would likely have done so, had the transfer completed sooner.

Taking all this into account, I uphold F's complaint that IISL was responsible, at least in part, for unreasonable delay during the process of transferring F's corporate account. I am

satisfied in these circumstances that it's fair and reasonable to require IISL to contribute to redress if the delay resulted in investment loss to F.

My starting point is that IISL is responsible for paying redress for any investment loss caused to F due to service failings IISL was responsible for in connection with the transfer of this corporate GIA. So I've thought carefully about the best way to approach the issue of financial loss here.

I've kept in mind that part of the reason the transfer took so long was due to the way T handled its end of the process. That's the subject of a separate complaint so I don't need to say much more here. But I do need to decide how to apportion responsibility for any investment loss that is identified.

I don't think it's realistic to expect to be able to identify specific losses attributable to particular delays in this situation and I accept that what I'm proposing is imperfect. Sharing responsibility for any investment loss equally between IISL and T is a rough and ready approach, but in the spirit of reaching a broadly fair outcome here, I think it's probably reasonable. I say this because I have found unreasonable delay by IISL and T (which they admit responsibility for) contributed to the overall length of time taken for the transfer to complete. So what I'm suggesting is a broad brush approach to finding a fair and reasonable outcome here that reflects the ombudsman approach.

I've thought about what F did in fact do after the transfer completed and whether it would be a fair proxy to put F in the position the business would be in if it had made all the same sales and purchases, but sooner. I don't however think that is the best way to approach fair redress as it supposes that F would've traded the same way – and I don't know if that's likely.

I can't be certain what exact funds F would've sold and bought so I am suggesting what I think is the fairest way to restore F's position fairly.

From what Mr F has said, I consider that the usual FTSE UK Private Investors Income total return index (known prior to 2017 as the FTSE WMA Income Index benchmark) is a reasonable basis of comparison for the purposes of working out the likely investment return F would have made had the company been able to invest sooner.

This index is a set of calculations that demonstrates performance of various asset classes. It is diverse, transparent, used industry-wide and adjusted quarterly.

I'm using this to reflect the fact that this is the sort of return F would've got with some similar risk to its money in the sort of investment Mr F favoured. So IISL should compare that to actual investment performance from 11 April 2022 to when the transfer completed and work out if this shows any investment loss.

I've chosen this date, some two months after F initiated the transfer process, because, as IISL suggested to Mr F, I think this would've been a more than reasonable timescale for how long the transfer should have taken. So, had there been no delays, I think this is the point at which Mr F would have likely had his investments with the new provider.

I haven't identified any further financial loss. As F is a limited company, I am only able to award F redress for actual financial loss suffered by F.'

### **What the parties said in response to my provisional decision**

F and IISL both told me that they had no further comment.

**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 no further comments have been received in response to my provisional decision that change what I think about this case, I endorse what I said in my provisional decision.

## Putting things right

To compensate F fairly, IISL must do the following:

### In respect of the corporate account

- ☐ Compare the performance of F's transferred investments with that of the benchmark shown below and pay half the difference between the fair value and the actual value of the transferred investments. If the actual value is greater than the fair value, no compensation is payable.
- ☐ IISL should also pay interest as set out below.

Benchmark	From ("start date")	To ("end date")	Additional interest
FTSE UK Private Investors Income Total Return Index;	11 April 2022	Date the respective transfers completed	8% simple per year on any loss from the end date to the date of settlement

Note that there may be tax payable on any interest awarded.

IISL may wish to liaise with T when carrying out the above calculation as it will be responsible for working out its half share of the redress owing to F.

### My final decision

I uphold this complaint and direct Interactive Investor Services Limited to take the steps I've set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 6 March 2024.

Susan Webb  
**Ombudsman**