

The complaint

Mr K has complained about State Bank of India (UK) Limited (SBI). He said SBI was responsible for a delay in an ISA transfer. He said he has been financially disadvantaged by this and would like SBI to compensate him.

What happened

Mr K held a cash ISA with SBI. Mr K decided to transfer his funds that were in the cash ISA with SBI to a third party, with whom he held a stocks and shares ISA.

On 4 May 2020 SBI said it received the transfer out request from the third party. It said it sent out a cheque and covering letter to the third party at the address that it provided and closed Mr K's account on 7 May 2020.

SBI's cheque went to an address of a banking group. Within that address, several different entities from the banking group were located including the third party. On this occasion, the cheque was not received by the third party. It went to another entity, who then paid the cheque in. It took the third party several weeks to retrieve Mr K's funds.

Mr K said he is unhappy with the timescale that it took for the funds to be paid into his stocks and shares ISA with the third party. He said this didn't happen until 31 October 2020. He said this took many months and there was a delay. He said he thought SBI was responsible for this delay. He asked that SBI pay him investment losses and a payment for distress and inconvenience.

SBI said in response that it sent the cheque and covering letter to the name and address provided on the transfer request form from the third party. It said it would have given the third party a tracking number. It said the cheque was presented by the third party on 10 June 2020 and funds were transferred the same day. It said it had completed its processes thoroughly and it hadn't done anything wrong. It said the delay occurred with the third party and the delay caused sits with it.

I issued a provisional decision on this complaint on 25 January 2024. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"First of all, it is clear that there has been a delay with Mr K's request to transfer his funds from his cash ISA with SBI to the third party. SBI said it received the transfer request on 4 May 2020. So, when I consider the government guidelines for transfers involving a stocks and shares ISA, I can see that at the latest the parties needed to carry this out was within 30 calendar days. This means that I think Mr K could have reasonably expected his ISA transfer to have been completed by at the latest 3 June 2020. Mr K instead received the funds in his third-party stocks and shares ISA on 31 October 2020. So, as I said, I think it is clear that a delay has occurred here. I need to go on and consider whether SBI were at fault for this.

I have looked through copies of the paperwork that SBI said it sent to the third party. It said it sent a covering form and cheque to the correct business and address in quick time and so it had completed its part of the transfer correctly.

But I don't think what SBI has said here is quite right. I have looked at the letter it has sent and although it has sent it and the cheque to the right address and building, it has not correctly put the third party's full business name on the form or cheque. I can see that the third party, in its letter to SBI asked it to do this and also asked if it could quote its reference number. I can see that it requested SBI do this, to ensure the cheque and letter went to it.

I have seen what SBI has written on the cheque, and it is not what the third party asked it to do. I can see that the business full name is not on the letter either. SBI has said, the cheque had Mr K's name on it, and it had other details in the letter to help identify who the letter should go to. But I think if SBI had put the correct business name on the letter, as well as the cheque and had also provided the reference number the third party gave it to quote on its correspondence, then in all likelihood it would have arrived with the third party in a reasonable time. So, I am currently minded to conclude that SBI were responsible for the delay that then followed with Mr K's transfer.

SBI has asked why the separate entity, the investment fund, cashed the cheque if it had no basis to do so. But I don't need to make any findings about this, as I have concluded SBI are responsible for the delay in the transfer, and its actions that contributed to this happened before the cheque was erroneously cashed in. On balance, I am persuaded that any delay occurring after that point, stemmed from the mistakes SBI made.

I think on balance, SBI was responsible for the delay because it didn't put the correct information on the letter or cheque, and this resulted in the documents not being received by the third party, instead going to another business. I think this was because SBI didn't address the letter or cheque with the correct business name or reference as it was asked to. Because of this Mr K didn't receive the funds in his stocks and shares ISA with the third party until 31 October 2020, and I am currently minded to think SBI are responsible for this, due to the errors it made with the letter and cheque. So, it needs to put things right.

Investment losses

Mr K said his funds were withheld for over 6 months and the amount of money he could have earned during this period if he had invested it, was significant. But I haven't seen anything from the time he was looking to make the transfer, that demonstrates what Mr K's intentions were at the time or what he was looking to invest his funds into.

Mr K has suggested that SBI contact the third party and work out what he would have made during that period of time. But I don't think that is a fair reflection of what would have happened if Mr K had received his funds earlier than he did. It would be too speculative for me to consider what Mr K would or wouldn't have traded in over the time of the delay, and what he did trade in with other funds, I don't think is indicative of what he more likely than not would have traded in with his SBI cash ISA funds.

So, in the absence of any evidence from Mr K to support what his intentions were if he had received his funds earlier than he did and specifically by 3 June 2020, I don't think I can safely conclude he has incurred any investment losses. I've not seen enough to suggest Mr K has lost out from being unable to trade over the time taken with this transfer.

Distress and inconvenience

I can see that Mr K has had a stressful time in trying to resolve the issues around his ISA transfer. His initial instruction was received by SBI on 4 May 2020, and it took over five months for him to receive the funds in his third-party account.

When I consider how long the delay was for, the errors made by SBI, and what its errors have caused Mr K to endure, I consider £200 to be a fair payment for it to make, in the circumstances of this complaint, for the distress and inconvenience its mistakes have caused. This amount is similar to what I have awarded in complaints I have seen that are like Mr K's."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision.

State Bank of India responded on 29 January 2024 and said it accepted the decision.

Mr K responded on 6 February 2024 and made the following points:

- He is happy I upheld his claim but there is one part he wishes to add further information on, and this is to do with investment losses.
- He said it should be clear that the sole reason to transfer money to the third-party account is so that he could allocate the funds to investments.
- He said with that in mind he thinks it is fair and reasonable to conclude that had the money landed in his account 6 months earlier, it would have been invested shortly after.
- There is no exact way to determine precisely what his investment losses would have been. But he has shared with our service a breakdown of his investments elsewhere with various tracker funds.
- He said it should not be too difficult to come up with a reasonable sum as to how much he has lost.

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.

SBI has accepted my decision and Mr K is happy I have upheld his complaint. So, I don't need to comment any further about what happened about the transfer of funds between SBI and a third party.

What is left for me to consider, is how SBI is going to put things right. Mr K has raised further points about this. He said it is clear that the sole reason for the transfer was for him to allocate funds to investments. He said it is fair and reasonable to conclude he would have invested shortly after the transfer had taken place.

Mr K said there is no exact way of determining precisely what this would have looked like, but he thinks a fair way would be to consider what he invested in elsewhere and come up with a reasonable sum as to how much he has lost.

First of all, I don't doubt what Mr K has said about his reasons for making the transfer in the first place. He was transferring funds from a cash ISA to a stocks and shares ISA. So, I acknowledge his point that the reason for the transfer was for him to allocate his funds to investments.

That said, in order for me to consider whether Mr K, on balance, did incur investment losses, I'd need first to consider what he was planning to do at the time the transfer ought reasonably to have taken place.

Mr K said I should look at what he invested in with other funds at that time and come up with reasonable compensation around this. But looking at his other investments, on this occasion, is not a fair reflection I don't think, as to what Mr K's intentions were for these funds. I say this because, I haven't seen enough information, that would on balance, persuade me that Mr K would have invested in similar or the same investments with these funds, as he did with the investments, he allocated money to elsewhere.

I also haven't been able to see what Mr K's intentions were at the relevant time, for his transferred funds either. Mr K has not been able to, on this occasion, persuade me of his intentions at the relevant time, as to what he would have invested in. So, it follows, that I don't think it would be fair or reasonable of me to award compensation to Mr K for investment losses, when I haven't been able to find, on balance, if there were any or what these might have been.

I appreciate my decision about this will be disappointing for Mr K and I do thank him for engaging with our service during his complaint and putting forward his response to my provisional decision. He has suffered distress and inconvenience due to the delay caused by SBI, as I described in my findings given in the provisional decision. So, I uphold Mr K's complaint and SBI now needs to put things right.

Putting things right

To put things right SBI needs to pay Mr K £200 for the distress and inconvenience it has caused, in all the circumstances of his complaint.

My final decision

My final decision is that I uphold Mr K's complaint about State Bank of India (UK) Limited. I direct State Bank of India (UK) Limited to put things right as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 March 2024.

Mark Richardson
Ombudsman