DRN-4612007

The complaint

Mr and Mrs T complain that Barclays Bank Plc ('Barclays') delayed the process of transferring their investments to a new investment manager. They say the process took longer than they were told it would take resulting in them suffering a loss. They say they've paid fees for a service they haven't been provided with, and they've lost out on investment opportunities. Mr and Mrs T are seeking compensation for their loss.

What happened

I issued my provisional decision of January 2024 in which I said that, while I intended to agree with the Investigator's conclusion and uphold this complaint, I wanted to make a revision to what Barclays needed to do to put things right. A copy of the background to the complaint, and my provisional findings, are below and form part of this final decision.

What I said in my provisional decision

What happened

While I have read and considered everything provided, because the facts of this complaint are well-known to both parties, I haven't set out everything here. The following is a summary to explain what has happened.

In October 2022, Mr and Mrs T instructed Barclays to transfer their investments, including a SIPP and an Individual Savings Account ('ISA') to a new investment manager. Mr and Mrs T say this was because they were dissatisfied with the wealth management service Barclays had provided.

In November 2022, Barclays acknowledged the transfer request by email and said the process could take up to 37 days to complete.

In December 2022, Barclays told Mr and Mrs T that the transfer process might take longer because of a high demand on its service.

In early January 2023, Mr and Mrs T complained to Barclays about the delay. They said Barclays had only transferred just over half of the value of their total investment holdings and they sought confirmation as to when the remaining funds would be transferred. They said Barclays had taken the latest quarterly advice fee, which they didn't think was fair. And, while they accepted they needed to pay the custody fee, they didn't think they should pay any more fees beyond the first 37 days.

They asked Barclays to refund any incorrectly taken fees and confirm no further fees would be charged. They also asked how Barclays proposed to compensate them for what they said was a very stressful and frustrating process.

Shortly after, Barclays told Mr and Mrs T that their transfer request could take up to six months to complete.

In March 2023 Mr and Mrs T brought their complaint to us. They said their investment funds had still not been completely transferred and 127 days had now passed. They said they still had no idea when the transfer would be completed in full. They said Barclays told them if they wanted their money quicker, they could instruct it to sell their holding, which they didn't think was good advice. They said to put things right, they wanted the transfer completed as soon as possible, all fees charged since March 2022 refunded, and compensation for lost investment opportunity.

Barclays responded to the complaint. It said that an unexpected increased demand for transfers away had caused the delay in transferring Mr and Mrs T's investments. It said it hadn't breached any regulatory deadline and had taken action to increase resources to rectify things. It apologised for having to increase the expected transfer time and said this should've been communicated sooner. It said it believed Mr and Mrs T would still have transferred anyway had this happened, but said in recognition of the upset caused, it would pay them £200. It repeated what it previously told Mr and Mrs T that they could liquidate assets to speed up the process, but said they should seek advice first before doing so.

It said in relation to fees, it wouldn't be refunding the advice fees for the period prior to the transfer because it said in 2021 it confirmed with Mr and Mrs T the advisory service remained suitable for them and it had provided advice during the period in question. But it said it was normal practice for advisory fees to cease upon a transfer request, but custody fees would continue to be charged until assets were transferred. It said all relevant advice fees had been refunded.

Mr and Mrs T declined Barclays offer of £200, so the Investigator considered the matter. They said that, given the loss of expectation for the time taken to complete the transfer, they thought it was fair Mr and Mrs T were compensated. They listed out the advice fees Barclays had refunded, which included fees for the previous quarter (August to October 2022.) They said by refunding the previous quarter's fees, Barclays had done more than they would've recommended it do. They said they didn't think the custody fees should be refunded because Barclays was obliged to administer the assets until the transfer completed. They said in relation to Mr and Mrs T's point about loss of investment opportunity, Mr and Mrs T could've sold their investments if they wanted to, but as they requested an in-specie transfer, and without evidence to the contrary, they thought Mr and Mrs T wanted to keep their holdings. They said £200 for the distress and inconvenience caused was fair.

Mr and Mrs T disagreed. They provided a substantive response, which I have read in full. But in summary they said the delays were Barclays' own making and its failure to resource for the inevitable outcome of its decision to change the focus of its wealth management division. They said Barclays should be held to account for its failure to plan for transfer requests. They said Barclays' offer of £200 was insulting. They repeated the point about why they thought they should receive a refund of all the advice fees from January 2022 because of the poor service they received. They said they had to instigate a refund of one of the advice fees in February 2023, which had been incorrectly applied.

They also repeated the point about why it was unfair for them to pay custody fees beyond the time they were told the transfer should take.

They provided an example of an investment they had made in October and November 2022, which they said they intended to make further investments into as their Barclays assets were transferred. But they said things didn't happen in time to allow them to maximise their returns. They also said that when the SIPP fund was transferred, they discovered it contained a matured investment which was waiting further investment. They said where this money was eventually invested, could've been made sooner had things been transferred earlier.

Mr and Mrs T provided further evidence of the investments they ultimately made in July 2023, which they said would've been made sooner had all their assets been transferred sooner. Mr and Mrs T explained the reasons why the new investments weren't made until July 2023, and they clarified they weren't holding Barclays responsible for the investment delay between March and July 2023. They also provided more details about the matured investment in the SIPP, which they said Barclays didn't deal with promptly. They said the investment matured on 25 November 2022, but the funds weren't received by the new investment manager until 26 January 2023. They said they could've earned interest on this money, but neither they nor their new adviser knew about the funds until the end of March 2023 when the transfer completed.

The Investigator looked into the delay in transferring Mr and Mrs T's SIPP, which they said they'd not dealt with in their original view of the complaint. They said the investment product in question matured on 26 November 2022, but the funds weren't received into the Barclays SIPP until 12 December 2022 because there was work to do before the funds could be credited. They said the matured funds were then transferred on 21 December 2022 to the corresponding bank account Barclays used in administering the SIPP (what I will refer to as the reserve account) and then transferred out to the new SIPP provider on 18 January 2023. They said they thought it was reasonable for Barclays to have transferred the matured funds on 15 December 2022, so the delay caused was from 15 December 2022 to 18 January 2023, which required compensation for. They said Barclays' suggestion that it should contact the new SIPP provider for permission to pay the compensation into the wrapper, and base the redress on any lost growth with the assistance of the new investment manager, was fair and would put Mr and Mrs T in the position they should have been.

Barclays agreed with the Investigator's recommendation.

Mr and Mrs T disagreed. They reiterated their two main complaint points – the total amount of time it took to transfer all of their investments and the specific point about the matured investment in the SIPP. They said they didn't understand why the maturity proceeds didn't get paid to Barclays until 12 December 2022. They asked for an explanation and said, if necessary, they should receive compensation. They also said they didn't accept the proposed compensation period of 15 December 2022 to 18 January 2023 because the new investment manager didn't receive the funds until 26 January 2023 – so compensation should be from 15 December 2022 to 25 January 2023.

The Investigator wasn't persuaded to change their opinion and they provided Mr and Mrs T with a statement showing that Barclays transferred the funds on 18 January 2023.

What I've provisionally 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.

Firstly, I think it's important to clarify what I will be considering here. I say this because Mr and Mrs T have said they want Barclays held to account for its failings, which they've said were its own making. And they've given detailed reasons as to why they believe Barclays wasn't able to complete the transfer in the timescale they were originally given, including a failure to provide adequate resources and a lack of planning by senior management. But I'm not going to engage with these points here. It is not my role to fine or punish firms – that's the role of the regulator. It does not appear to be disputed that the transfer of Mr and Mrs T's investments took longer than Barclays' normal service levels. So, I'll focus my decision on the extent to which Mr and Mrs T have lost out as a result of the delay in the transfer of their investments and what needs to happen to put things right.

For ease, I think it's best if I separately address the two key complaint issues as they've been latterly articulated – the overall delay in transferring Mr and Mrs T's investments, including the points raised about refunding fees and charges, and the specific point about the matured investment within the SIPP and the delay in releasing these funds.

Overall delay in transferring

As I said above, the transfer of Mr and Mrs T's investments took longer than both parties initially expected. Mr and Mrs T submitted their transfer paperwork on 20 October 2022 and the transfer wasn't completed until March 2023. Mr and Mrs T have explained that the reason for their transfer request was what they described as the total lack of service from Barclays. They say they were told the whole process would take 37 days – so because it took much longer, they've asked for a refund of the fees they've incurred, including advice fees charged for the nine months prior to their transfer request.

Looking at the advice fees, Barclays says it has refunded, cancelled or reversed the relevant advice fees – i.e. no advice fees have been charged following receipt of Mr and Mrs T's transfer request for their entire investment holdings. I can see the Investigator listed these out in their assessment letter, so I haven't repeated them. But I'm satisfied from the evidence presented that the refunds have taken place and I think this is fair.

As for refunding the advice fees prior to the transfer – I can see when Barclays refunded the fees above, it also refunded the previous quarter's advice fee (August, September and October 2022.) So, Mr and Mrs T have received more back in advice fees than I think it was reasonable for Barclays to refund. And this amounted to around £4,888. While I understand Mr and Mrs T say the service they received from January 2022 onwards fell short of what they expected, I don't think it is fair for Barclays to refund any more advice fees. Barclays has provided evidence, which shows that a review of its service in December 2021 concluded that the advice service remained appropriate for Mr and Mrs T and that fees and charges were discussed as part of that. Also, looking at a summary of the contact and advice Mr and Mrs T received from January 2022 to the point they instructed the transfer, I can see they received advice in January 2023, March/ April 2023, June 2023, July 2023 and September 2023. In my view this does not demonstrate an unreasonable level of service which fairly warrants a refund of advice fees. So I don't intend to instruct Barclays to refund anymore advice fees to Mr and Mrs T.

Turning to the custody fees charged - Barclays hasn't refunded these. It says these were payable all the time it held Mr and Mrs T's investment assets. Mr and Mrs T say it's not fair for them to pay fees beyond day 37 – the period of time they were told the transfer would take to complete – because it means they've paid for Barclays' inefficiency. I've thought carefully about this. Having done so, overall I don't think it is fair for Barclays to refund these fees. I say this because it is correct that they were responsible for the safekeeping of the assets.

I'm mindful too that Mr and Mrs T would've had to pay custody fees to someone – so if the transfer had happened sooner they would've paid custody fees to their new investment manager. And I can't ignore that Barclays has refunded more in advice fees than I think it was reasonable for them to – a not inconsiderable amount. So, taking all of this into account, I don't intend to tell Barclays to refund the custody fees Mr and Mrs T paid.

Mr and Mrs T have also said because the fees were refunded rather than cancelled at the point they instructed the transfer, they should also get a payment for loss of interest. But, again, given the additional advice fee refund, in the round I think Mr and Mrs T have been fairly compensated in relation to fees and charges.

I'll now turn to Mr and Mrs T's argument that the transfer delay caused a loss of investment opportunity, which they want compensation for. Putting aside the specific point about the SIPP, which I will address later on, it is my view that ultimately Mr and Mrs T have not suffered an investment loss. This is because the investment transfer was instructed and carried out in-specie, so Mr and Mrs T were not out of the market during the transfer process. And because they requested it in-specie, I think it's reasonable to assume they wanted to retain their current investment holdings at this time. I'm mindful too that, from what I can see, at the point Mr and Mrs T instructed the transfer, they were not told, and so did not likely have a clear expectation, about how long the transfer would take to complete. The email telling them it would take 37 days to complete was sent to them in November 2022 after they'd given their transfer instruction. So, at the point they gave the transfer instruction, I don't think they were actively considering other investment opportunities in the near future for these monies because they didn't know how long the transfer would take.

But I accept that, because things took considerably longer than 37 days, it's possible Mr and Mrs T would've made different investments had things happened sooner than they did. And Mr and Mrs T say they would've added to investments they made during this time with funds they held elsewhere, evidence of which they've provided. But I'm not persuaded it is more likely than not they would've done so. In addition to the reasons above, I say this because if they did want to make different investments, I think they could've either instructed Barclays to buy them (if that was possible) during this time or as it offered to do, they could've liquidated what they needed and transferred the proceeds in cash, which would've likely enabled things to happen sooner. Furthermore, while Mr and Mrs T have explained the reasons why they didn't make their new investments until July 2023 after the transfer was fully completed in March 2023, in my view, this is not persuasive evidence that there was an urgency to change the investments they held for different ones.

So, for these reasons, and because it strikes me that Mr and Mrs T would've still likely gone ahead if they'd been told from the outset it might take longer than 37 days and it could take months rather than weeks to complete, I think their loss is one of expectation over timescales.

Nevertheless, I do think Mr and Mrs T have suffered a not considerable amount of distress and inconvenience here. The investments they instructed Barclays to transfer amounted to a significant amount of money. The transfer took months rather than weeks to complete, a process Mr and Mrs T have described as being stressful and frustrating. And I have no doubt that it was. They've said they didn't know what was happening to their money. I can also see that Mr and Mrs T had to contact their wealth manager and instigate the refund of one of the advice fees that was charged in February 2023, which shouldn't have been.

So while Barclays has offered and the Investigator agreed that £200 was fair compensation, I disagree. For the reasons above, I think the impact was greater and as such warrants a higher amount.

I consider that a sum of £500 fairly compensates Mr and Mrs T for the distress and inconvenience this matter has caused.

Delay in releasing cash from matured investment in SIPP

Barclays has accepted that it delayed the cash payment of the matured investment within the SIPP Mr and Mrs T held. And it has agreed with the Investigator's view on compensating Mr and Mrs T for the loss of investment opportunity. But I want to clarify the sum of money that the compensation should be based on, propose a change to how the redress should be calculated, and answer Mr and Mrs T's points they've specifically raised in relation to the SIPP issue.

The investment in question – a Structured Note – had a maturity date of 26 November 2022. The proceeds of the matured investment were paid to Mr and Mrs T's SIPP account on 12 December 2022. Mr and Mrs T have questioned why it took so long for the funds to be paid to Barclays, and if applicable one of the parties should pay compensation for loss of interest.

Barclays has explained that, while the maturity process was started on 26 November 2022, the administration team for the Note had to carry out work to wrap-up the investment and then send funds to the nominee banks. Each bank, in this case Barclays, would then need to apply the individual distributions. Barclays says this takes time and accounts for the period between 26 November and 12 December 2022. I think this is a fair explanation and in my view the time taken for the funds to arrive in Mr and Mrs T's SIPP from this type of product was not unreasonable. And importantly, this timeframe would be the same whether Mr and Mrs T had instructed the transfer or not. So, I'm not persuaded that any compensation is due from the maturity date of the investment to the funds being paid to the SIPP on 12 December 2022.

Barclays has agreed that the proceeds from this investment should've been transferred to Mr and Mrs T's new SIPP provider sooner than it did – it should've happened on 15 December 2022 and not 18 January 2023, which I can see only happened when Mr and Mrs T's new SIPP provider chased payment. And I think given what Barclays has said about its payment service agreement, a transfer date of 15 December 2022 is fair in the circumstances – one day for transfer from the SIPP to the reserve account and then a payment out within two working days after that.

The amount transferred from the SIPP account to the reserve account following the maturity of the investment totalled £128,222.25. But I can also see that prior to this, a payment of £4,178.71 was paid from the SIPP account to the reserve account. So, given the balance in the reserve account as at 15 December 2022 and allowing for the working balance of £2,500 Barclays wanted retained in it to account for fees not yet charged, I think Barclays was in a position to send an amount of £132,820.77 to Mr and Mrs T's new SIPP provider on 15 December. And it is this amount that I think compensation for loss of investment opportunity should be based on.

The Investigator said that compensation should be based on investment growth following discussion with Mr and Mrs T's new investment manager and paid into the SIPP if the provider agreed. But I don't think this is a pragmatic solution here – I can't readily determine an amount to direct Barclays to pay. So, in the circumstances I think fair compensation should be based on 8% simple interest per annum on the amount of £132,820.77 for the period 15 December 2022 to 18 January 2023 and this should be paid to Mr and Mrs T.

I'm mindful that the working balance of £2,500 Barclays left in the reserve account to account for ongoing fees was ultimately too high because it included an advice fee that Barclays later refunded. So, it could be argued that Mr and Mrs T have lost out on interest on the amount over and above what was actually needed in this account.

But I can see that the reserve account was an interest bearing account and two interest payments amounting to just over £54 were paid in January and February 2023. If things had happened as they should have, these interests payment would have been significantly lower. So, by not deducting these interest payments from the redress, I think overall Mr and Mrs T have not lost out as a result of Barclays retaining a slightly larger balance in the reserve account than it needed to.

I can see Mr and Mrs T have queried why if the money left Barclays on 18 January 2023 it took until 26 January 2023 for their investment manager to receive the funds. They say they should be compensated up to 25 January 2023, not 18 January 2023. But I disagree. The funds were sent from Barclays to Mr and Mrs T's SIPP provider. It would've then had to process things before Mr and Mrs T's new investment manager received them. I consider this to be normal practice. Ultimately the funds left Barclays on 18 January 2023, so I don't think it is fair for Barclays to compensate Mr and Mrs T for any period beyond that.

Finally, Mr and Mrs T have also said they should be compensated for loss of investment opportunity on these funds. They say neither they nor their adviser knew about these funds until the end of March 2023 when Barclays said they'd completed the transfer. Mr and Mrs T have provided evidence of placing funds in a fixed rate bond in February 2023, which they say they would've added to, had they known about them. But the funds were received by Mr and Mrs T's new investment manager on 26 January 2023. At this point they were available for investment. The SIPP provider knew they were coming because it was their request or chaser letter that prompted Barclays to send the money when it did. As I've already said, ultimately the money left Barclays on 18 January 2023, and while I'm recommending compensation up to this point, I don't consider it is fair for Barclays to compensate for any investment loss beyond that.

So, for these reasons I intend to uphold this complaint and award compensation.

Fair compensation

I intend to direct Barclays to do the following to put things right:

- Pay Mr and Mrs T £500 for the distress and inconvenience caused as a result of the time taken for their investment transfer to complete.

- Pay Mr and Mrs T a sum equal to 8% simple interest per annum on the amount of £132,820.77 for the period 15 December 2022 to 18 January 2023 to reflect fair compensation for the loss of investment opportunity on these monies.

Responses to my provisional decision

Mr and Mrs T said they accepted my provisional decision. And in a phone conversation with our Investigator, Barclays also said that it accepted my 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.

Because both parties agree with my provisional decision and haven't provided me with anything new to consider, I see no reason to change my mind. So, I've reached the same overall conclusion as my provisional decision and for the same reasons.

I uphold this complaint and award compensation.

Putting things right

Barclays should pay Mr and Mrs T the following:

- £500 for the distress and inconvenience caused as a result of the time taken for their investment transfer to complete.

- A sum equal to 8% simple interest per year on the amount of £132,820.77 for the period 15 December 2022 to 18 January 2023 to reflect fair compensation for the loss of investment opportunity on these monies.

My final decision

I’ve decided to uphold this complaint. To put things right, Barclays Bank Plc should pay Mr and Mrs T fair compensation as set out in the section above. I make no other award.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr and Mrs T to accept or reject my decision before 8 March 2024.
Paul Featherstone
Ombudsman