

The complaint

Mr L complains that Yodelar Investments Limited failed to effectively manage the transfer of some investments to a new provider following it providing him with advice to proceed with that change.

What happened

The transfer that has caused this complaint followed some advice provided by Yodelar to Mr L and his wife ("Mrs L"). I am dealing with a separate complaint from Mrs L about similar problems that arose during her transfer. So in this decision I will only deal with those matters concerning Mr L's transfer.

Yodelar provided Mr L with advice, and administrative support, for a transfer of his ISA funds from a firm I will call H, to a firm I will call A. Yodelar, H, and A are all regulated firms. But this complaint is solely relating to the actions of Yodelar. So whilst I will note the actions taken by H and A in addressing some of the problems Mr L experienced, my findings will only be in relation to any failures by Yodelar.

The ISA that Mr L held with H contained a mixture of assets. One of the assets held were shares in Mr L's employer that had recently fallen in value. Mr L was optimistic about their future prospects and wished to retain them so it was agreed those shares wouldn't form part of the assets being transferred. So Yodelar advised Mr L to transfer part of his ISA holdings from H to A. The suitability of the transfer isn't something that forms part of Mr L's complaint. His complaint relates to the choice of A as the new provider and the implementation by Yodelar of its recommendations.

Mr L's transfer didn't proceed entirely correctly. He had agreed to pay a fee to Yodelar for its services equal to 2% of the transferred amount. But due to what appears to have been an error by A, that fee was deducted twice from Mr L's investments. The additional charge was later refunded to Mr L. Yodelar offered Mr L £12.60 compensation for the time the additional charge was not invested, and it offered a further £100 for the inconvenience he'd been caused. But since Yodelar required Mr L to accept those amounts in full and final settlement of his complaint, Mr L rejected the offer and brought his complaint to us. He said that he didn't think it reasonable that Yodelar should receive its fee given its failure to effectively manage the transfer.

Mr L's complaint has been assessed by one of our investigators. He thought that it was reasonable that Yodelar retained the fee Mr L had paid given that the transfer had now been completed. And he thought that any delays and problems during the transfer were not as a result of something that Yodelar had done wrong. But he thought that Yodelar should pay compensation of £150 for Mr L's inconvenience together with the amount it had already offered for the time part of his investments were out of the market due to the duplicated fee.

Yodelar accepted that recommendation. But Mr L disagreed. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr L accepts my decision it is legally binding on both parties.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr L and by Yodelar. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Yodelar advised Mr L to transfer part of his ISA investments from H to A. Mr L isn't complaining about the advice he was given to transfer those investments. But given the problems that he has recently encountered he does have concerns that A, the firm Yodelar recommended to receive his transferred monies, is unsuitable for that task. So I will consider that part of the advice in this decision.

Mr L agreed to pay a fee of £750 to Yodelar for its advice. But that fee was waived as he decided to proceed with its recommendations. Mr L agreed to pay a fee of 2% of the transferred amount for Yodelar's support in arranging and implementing the recommendations it had made. The terms of business describe that as part of that service Yodelar would;

- Handle all fund and policy administration on your behalf
- Provide regular updates to keep you informed of progress
- Ensure all your documents are issued in line with your expectations
- Provide confirmation of all actions taken on your behalf in writing

It is clear that Mr L's transfer didn't proceed entirely smoothly. The 2% fee that he had agreed to pay to Yodelar was deducted from his investments twice. Mr L says that it was ultimately down to him to identify that error, and to press for its correction.

As I said earlier, there were three regulated firms involved in Mr L's transfer. But this decision only deals with the actions of Yodelar. And I am satisfied, on the basis of the evidence I have seen, that Yodelar wasn't responsible for the error that caused its fee to be deducted twice. It had simply given an instruction to A, and it was A that faced some internal processing problems that caused the fee to be taken twice.

I accept that Mr L was proactive in identifying the error. I think some problems with his wife's transfer meant that he was closely monitoring what was happening on his account. I have no way of knowing whether, or when, Yodelar would have identified the problem. But I am satisfied that the funds were returned to Mr L's account promptly once the error had been identified.

Shortly after the error, Mr L told Yodelar that he no longer wished the firm to manage his investments. So Yodelar couldn't take any steps to reinvest the monies that had been returned from the additional fee being taken. I think the return of the funds, and the need for Mr L to give A instructions for their investment was made clear at the time.

I have seen an email that was sent by A to Yodelar around the time that the problems were identified. That email said "I don't think the instruction could have been any clearer....". So it doesn't seem to me that Yodelar could have taken any steps to prevent this problem from occurring.

I have considered that Yodelar recommended that Mr L place the transferred monies with A. A is a large and well-respected financial institution so it doesn't seem there would have been any expectation that problems of this nature might arise. In transfers such as these there is always the possibility of isolated errors occurring – and I am sure that this error was extremely disappointing for Mr L. But I think an isolated error of this nature could potentially arise at any provider – including H where Mr L's ISA was originally held. I don't think these administrative problems cause me to think there was anything fundamentally wrong with the recommendation that Yodelar gave to Mr L to move his ISA to A.

Ultimately I think that the service Yodelar offered to Mr L was intended to effect the transfer of his ISA savings from H to A. Despite the problem that was encountered, through no fault of Yodelar, that transfer was successfully completed. It is true that there was a limited period of time where 2% of Mr L's ISA funds were not invested since they had been encashed to pay the duplicate fee. But it seems Mr L and Yodelar are in agreement about the loss that caused to Mr L, and Yodelar has agreed to pay that compensation to him.

But these problems will have caused some inconvenience to Mr L. Our investigator thought it would be reasonable for Yodelar to pay Mr L some compensation, of £150, for that inconvenience. Yodelar accepted that recommendation. I have thought carefully about Yodelar's part in the problems that Mr L faced. Yodelar wasn't first to identify the error – as I explained above that was something Mr L first noticed. So it does seem that some compensation for Mr L's inconvenience would be appropriate. And I think, taking all the circumstances here into consideration, the sum of £150 recommended by our investigator would be fair and reasonable.

I appreciate that this decision will be disappointing for Mr L. As a result of the problems it seems he thinks it would be inappropriate for him to continue his relationship with Yodelar, and potentially A. But I think the compensation that I am directing here, and Yodelar has agreed to pay, is fair and reasonable in the circumstances. I don't think it appropriate to direct Yodelar to refund the fee that it has received for its work on the transfer.

Putting things right

Yodelar should pay £12.60 to Mr L to reflect the investment losses he experienced whilst part of his ISA monies were not invested.

Yodelar should additionally pay £150 to Mr L for the inconvenience he has been caused.

My final decision

My final decision is that I uphold a part of Mr L's complaint and direct Yodelar Investments Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 16 April 2024.

Paul Reilly
Ombudsman