

The complaint

Mr M complains that Clydesdale Bank Plc trading as Virgin Money unfairly delayed his ISA transfer. He says he was forced to cancel the transfer as his existing ISA value had dropped significantly in value before the transfer had completed.

What happened

Mr M decided to transfer his funds from an existing stocks and shares ISA to a one-year fixed-rate cash ISA with Virgin Money on 30 January 2023. The cash ISA interest rate was 4.5%.

Mr M expected the transfer to take no longer than 30 days and as the deadline approached, he contacted Virgin Money to get an update on the progress. Mr M says he was eventually informed that Virgin Money were waiting for his existing ISA provider to respond to the transfer request. Mr M contacted his existing ISA provider and it informed him that it was waiting on a response from Virgin Money to a letter it had sent on 10 February 2023, setting out the documentation it required to complete the transfer.

Mr M complained to Virgin Money on 8 March 2023 as he was unhappy with the poor service provided and the delays in completing the transfer. Mr M was unhappy that the value of his existing ISA had significantly fallen since making the transfer request.

On 16 March 2023, Mr M called Virgin Money. He says he was advised to cancel the transfer on this call. Mr M says Virgin Money failed to inform him that he could be compensated for any late transfer losses. He says he was left with no option but to cancel the transfer in order to prevent the transfer being for £8,000 less it would have been if it had transferred on time.

Mr M says Virgin Money is responsible for any investment loss he's suffered after 28 February 2023 and so it should compensate him by paying him what he would've earned had the transfer completed within the 30-day deadline and 4.5% interest was applied to that amount until the product matured a year later.

Virgin Money didn't uphold Mr M's complaint in line with what he wanted to put things right. In summary, it said:

- Mr M had cancelled the transfer on 10 March 2023 – 34 working days after the transfer request was made and so it agreed it had not completed the transfer within the 30 working days timeframe.
- Mr M has spent a lot of time on calls, in call queues waiting to talk and hadn't had calls returned as promised.
- It paid Mr M £175 for the distress and inconvenience caused by its failings.

Mr M didn't accept Virgin Money's findings and so he referred his complaint to this service for an independent review.

One of our investigators considered Mr M's complaint and felt it should be upheld. In summary, they said:

- Government guidance says stocks and shares ISA transfers shouldn't take any longer than 30 calendar days to complete and so it should've completed by 1 March 2023.
- They were satisfied that the existing ISA provider had sent Virgin Money a letter on 10 February 2023 asking for the original transfer authority to process the transfer.
- The earliest evidence they had seen from Virgin Money reacting to this was on 2 March 2023 in which an internal email notes that the existing ISA provider wasn't able to accept the documentation provided. This was already one day after the deadline for the transfer to complete.
- They felt Virgin Money only started to progress the transfer once Mr M had raised concerns and by then he had decided to cancel the transfer.
- Having listened to the calls Mr M had with Virgin Money, they were satisfied that it was Mr M's decision to cancel the transfer and that he did so knowing he had some chance of recovering his losses by remaining invested in his stocks and shares ISA.
- They acknowledged that Virgin Money could have explained that it was possible a complaint could result in his losses being refunded but they felt this went beyond the execution-only service Virgin Money was providing.
- They felt Virgin Money should reimburse Mr M for the difference between his stocks and shares ISA value on 1 March 2023 and either 16 March 2023 or the value on the settlement date – whichever is less. However, Virgin Money had since demonstrated that Mr M's holdings had fully bounced back in value and had even gone on to grow from the valuation of 28 February 2023.
- They felt Mr M had lost out on the interest he ought to have earned between 1 March and when he cancelled the transfer on 16 March 2023. This is because, had the transfer completed before the phone call on 16 March 2023, Mr M's interest would've been backdated, and the invested amount would've been adjusted to the correct ISA value on the last permitted day for the transfer to have completed by (28 February 2023).
- However, they didn't think he should be entitled to the full interest amount he would've earned had he invested in the fixed-rate ISA for the full term as he decided to cancel the transfer and hadn't committed his money.
- They also felt that Virgin Money should increase its payment for the distress and inconvenience caused to £250.

Mr M didn't accept the investigator's findings. In summary, he said the fairest way to compensate him would be to:

- Take the value of his stocks and shares ISA on the date the cash ISA would have matured (A)
- Calculate the maturity value he would have achieved had his stocks and shares ISA transferred to the cash ISA on time (B)
- Compensate him if A is less than B.

Mr M said this resulted in a loss of around £2,700.

Mr M also felt that compensation for the distress and inconvenience (including time spent on emails and calls) should be increased to around £1,400.

Virgin Money accepted the investigator's findings and confirmed the missed interest between 1 March and 16 March 2023 amounted to £286.23.

As Mr M didn't accept the investigator's findings, the complaint has been passed to me to decide.

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.

Virgin Money accepts that it failed to complete Mr M's ISA transfer on time and so my decision will focus solely on what, if anything, Virgin Money needs to do to put things right for Mr M.

Mr M initiated the transfer on the 30 January 2023 and Government guidance says stocks and shares ISA transfers shouldn't take any longer than 30 calendar days to complete. So I agree with the investigator's findings that the transfer ought to have completed by 1 March 2023.

The circumstances around Mr M's stocks and shares ISA have changed considerably since referring his complaint to this service. I understand the value, as of 28 February 2024, is now larger than value that ought to have transferred over to Virgin Money had the transfer completed on 1 March 2023. The investigator suggested Virgin Money should compensate Mr M for the difference between the value of his stocks and shares ISA on 1 March 2013 and the value on 16 March 2023 or the date of settlement of the complaint (whichever was lower). However, such a comparison would now result in a finding of no loss.

I've also thought carefully about the suggested settlement put forward by Mr M. I appreciate he feels the fairest way to determine a financial loss would be to compare the value of his stocks and shares ISA as of the date the cash ISA with Virgin Money would have matured with the value of what he could have achieved had he invested in the cash ISA. However, I don't think this is a fair comparison to make. I say this as I cannot ignore the fact that it was Mr M's decision alone to cancel the transfer and he's since remained invested in his stocks and shares ISA for over a year after the cash ISA was supposed to mature. These are two important considerations when looking at whether Mr M should be compensated for the transfer delay which I will consider separately below.

Firstly, I've not been provided with any evidence to suggest that Virgin Money advised Mr M to cancel the transfer. Instead, the call recordings provided show that it was Mr M's decision to cancel and that he did so knowing he wouldn't be able to make up the drop in value in his existing stocks and shares ISA by way of investing in the cash ISA. Ultimately, this was Mr M's decision alone to make and I don't agree that Virgin Money should have advised him on it as it was providing an execution-only service. I also don't think it was in a position on the call to know whether a complaint about the delay would result in Virgin Money refunded him the difference in value, as a full investigation into the delay would have been necessary to determine fault.

In regard to the second consideration, I believe it was Mr M's initial intention to de-risk and transfer out of his existing ISA to a fixed-interest cash ISA at the time of making the transfer. However, having made the decision not to go ahead with the transfer, he's since made the decision to remain invested in his stocks and shares ISA and to be exposed to the risks and rewards associated with that. Despite the value of Mr M's stocks and shares ISA recovering, I'm not aware that he has since de-invested and transferred to a cash ISA. I think it's clear from the call recordings that Mr M decided to initially remain invested in his stocks and shares ISA believing that he had a greater opportunity to make up the drop in value this way, which he has since achieved. The fact that he has continued to remain invested suggests that he's happy being exposed to stocks and shares and hasn't looked to switch to a cash

ISA. To compensate Mr M in the way in which he has suggested would be to compensate him as if he had committed his money to the cash ISA which he didn't do.

Although I don't think there's an investment loss which Virgin Money needs to put right, I do think the delays have caused Mr M some considerable distress and inconvenience. I say this as he was clearly distressed to see his existing ISA value drop while he waited for the transfer to complete and I'm persuaded he put a lot of time and effort into chasing Virgin Money on its progress. I don't agree with the investigator's rationale for compensating Mr M for the interest he could have achieved between the date the transfer ought to have completed (1 March 2023) and the date Mr M cancelled (16 March 2023). However, I think the figure of £286.23 this amounts to, when added to the additional £250 suggested, fairly reflects the level of distress and inconvenience caused to Mr M. And so I won't be asking Virgin Money to award anything beyond that which it has already agreed to pay.

Putting things right

To put things right, Clydesdale Bank Plc trading as Virgin Money should pay Mr M £536.23 for the distress and inconvenience caused by the transfer delay.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 April 2024.

Ben Waites
Ombudsman