

## The complaint

Miss R is represented by her father, Mr R, in bringing this complaint about the transfer of the proceeds of a Child Trust Fund ('CTF') with Family Assurance Friendly Society Limited trading as OneFamily. Mr R is unhappy that after the transfer had to be reversed, OneFamily used the earlier date of the original closure request to calculate the unit value for the CTF - rather than using the unit value for the reinvestment date. Mr R believes that this meant when Miss R came to close the CTF again, the value received when selling down the units in the fund was lower.

## What happened

Miss R's CTF matured in mid-April 2023. At that time, the units in the fund (at a unit price of £1.338 per unit) were worth £16,360.95. Mr R arranged for Miss R's CTF to be transferred to an investment ISA held with a third party and his independent financial adviser contacted OneFamily on that basis. OneFamily received the instruction on 28 April 2023. Accordingly, it was required to sell the units in the fund and transfer the proceeds to the third party.

On 2 May 2023, OneFamily sold the units in Miss R's CTF at a rate of £1.336 per unit. A cheque for £16,336.51 was sent to the third party.

On 25 May 2023, the third party emailed OneFamily notifying it that the transfer had been rejected, because its investment ISA terms and conditions did not permit it to accept funds from a CTF. OneFamily responded the same day to ask the third party for return of the funds so it could reverse the sale and reinstate the CTF.

On 29 June 2023, OneFamily received the funds from the third party. It reversed the sale from 2 May 2023 and reinstated the CTF using the same unit value of £1.336 per unit.

In July 2023, Mr R called to query the value of the CTF as he had since made a further withdrawal request, and the value after selling down the units on 3 July 2023 was now £15,749.57. On 12 July 2023, the financial adviser representing Mr R also queried the value of the CTF and why OneFamily did not use the earlier unit value when reselling the units. These queries were then treated as a complaint.

On 12 July 2023, OneFamily rejected the complaint. It said it was not at fault for the failure of the third party to accept the funds or for any change in unit value, and it had otherwise reversed the transaction correctly.

Mr R thereafter referred Miss R's complaint to this service. He said the cause of the complaint arose from the fact that the reinvestment was backdated to 2 May 2023 at the unit price of £1.336, rather than the prevailing unit price of £1.282 from 29 June 2023. As a result, Mr R said that he believes Miss R's CTF experienced an immediate reduction in value of £660.31. He said they had three specific questions:

1. Why did OneFamily not use the unit price of 29 June 2023?
2. Why was no attempt made to seek any transfer out instruction from Miss R in June 2023? and

3. What consideration – if any – did OneFamily give to the fact Miss R would have suffered a financial loss which wasn't of her own making?

The complaint was thereafter reviewed by one of our investigators. She originally felt that OneFamily needed to consider whether Miss R would have been better off if her funds had remained invested and so she asked OneFamily for more information about that.

On further review, our investigator did not think the complaint should succeed. She felt that OneFamily had followed a fair process, which was to use the date of closure for the CTF – because OneFamily was not at fault for the third party refusing the transfer of the encashed funds. Further, Miss R had not suffered any financial disadvantage because to reinstate the funds at the same date was to treat them as if they had remained invested throughout.

Mr R said he and Miss R disagreed with the investigator and that they wanted their complaint to be referred to an ombudsman. They felt OneFamily had not placed Miss R back in the correct financial position, and they remained of the view that it had reinstated the CTF using the wrong unit value. They believed this left Miss R £660.31 worse off. Finally, they said they remained unhappy that the reinvestment occurred at all – as it was clear that Miss R would go on to close the CTF for a second time, which happened in July 2023.

OneFamily had no other comments to make. The complaint was then passed to me for review.

### **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.

Though I know my decision won't be what Mr R or Miss R have hoped for, I cannot uphold the complaint and I agree with the outcome our investigator set out in her second view. I'll explain my reasons for reaching this conclusion below.

It's important to firstly note that OneFamily actioned the sale of the units and the transfer of the funds held in Miss R's CTF promptly and without any undue delay. It followed a correct process; because the transfer requested was to a different fund and product, OneFamily was required to sell the units and send the proceeds to the new third party provider as cash.

OneFamily did this within three working days, and accordingly the transfer date was 2 May 2023. That the third party business could not accept the funds sent by cheque was not the fault of OneFamily. What is in dispute is how OneFamily reversed the transaction and reinvested the £16,336.51 (which was the sale of 12,227.93 units at £1.336 per unit).

I am satisfied that OneFamily has correctly used to unit price and value of 2 May 2023 and not 29 June 2023. To be clear for Mr R and Miss R, if we find a business to have acted unfairly in some way – though OneFamily hasn't done so here – and a consumer has lost out as a result, we have the power to put things right. What that generally means is that we'll tell the business to put the consumer back in the position they'd be in if the business hadn't got things wrong.

Applying that to Miss R's CTF, OneFamily has explained how the correct process was to use the same account closure date when the units were sold and therefore the unit value of that date. In essence, it simply treated the sale as if it had never happened and reinstated Miss R's account to 2 May 2023. I am satisfied that this is the appropriate approach to reverse the sale, where the third party declined receipt of the funds for reinvestment elsewhere. I don't believe (as Mr R has questioned) that OneFamily ought to have approached Miss R about

transferring to a new business. That was a matter for Miss R to decide and to instruct OneFamily as necessary.

In his other questions relating to the complaint, Mr R asked why OneFamily did not use the unit price from the date the funds were received back. That is because unit values fluctuate daily. To correctly reverse the transaction, OneFamily had to place the same funds (£16,336.51) at the same unit value (£1.336 per unit) back into the CTF. That is what it did.

Accordingly, I have seen the relevant statement for Miss R's CTF which shows the funds were removed and returned on the same date at the same value and the same unit price.

Where Mr R has misunderstood matters is that he made another request to transfer out the CTF funds as of 3 July 2023. By this time the unit price had decreased to £1.288 per unit. Therefore, the correct calculation for the sale of the 12,227.93 units at £1.288 per unit was £15,749.37. Mr R feels that the wrong unit value (which in fact was the lowest value on 29 June 2023 of £1.282) was used to sell the 12,227.93 units, giving the value of £15,676.21.

Mr R believes that Miss R's CTF has lost out by the difference of £16,336.51 - £15,676.21 = £660.30 (though I note on Miss R's complaint form, Mr R rounded this to £660.31).

However, that is not what happened. The unit value at its highest and point was £1.338 at the date of maturity in mid-April. I haven't given the specific date here to maintain anonymity, as it relates to Miss R reaching her eighteenth birthday. The unit value had dropped to £1.288 at the time of the second withdrawal request from 3 July 2023 (and actioned the following day), but that was entirely distinct from the first reversed transfer and withdrawal.

To put it another way, these would have been the unit values if the withdrawal of 2 May 2023 had never happened at all. OneFamily correctly returned the 2 May 2023 funds (£16,336.51) later in June 2023 using the higher unit value of £1.336 from the previous month. It did not mistakenly use the lower value of £1.282, as to do so would return £15,676.21 to the CTF.

What happened is when Mr R and Miss R came to put the second transfer request through in July 2023, the unit value had decreased – in the same way it had decreased between maturity in mid-April and the first request of 28 April 2023. As I've noted already, that is because of the nature of the investment, where unit values can go down as well as up. Had the unit value increased, OneFamily would've used a higher value to calculate the transfer of the funds.

Unfortunately, the unit value was lower in July 2023, and it took two attempts for Miss R (and Mr R along with his adviser on her behalf) to complete the transfer. But the third party was accountable for the failure of the first transfer, not OneFamily. On both occasions, it rightly sold down the units at the correct value - and it did so promptly. The difference in unit value was due to market fluctuation, not OneFamily's actions in relation to the reversed transfer. OneFamily hasn't caused Miss R any financial loss, as alleged. It follows that I cannot uphold this complaint.

### **My final decision**

I do not uphold this complaint or make any award. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 22 April 2024.

Jo Storey  
**Ombudsman**

