

The complaint

Mr H is unhappy with the service provided by abrdn Fund Managers Limited ('abrdn') in relation to his investment ISA.

What happened

Mr H holds an investment ISA with abrdn, with some units in the ASI Eastern European Fund ('AEE fund'). In 2022, the decision was made to suspend this fund, and it closed on 13 September the same year.

On the fund's closure, Mr H's units were switched into the abrdn Sterling Money Market Fund ('Sterling Fund'). However some assets within the AEE fund were frozen due to sanctions, so they couldn't be liquidated when the fund closed. Shareholders retained proportionate rights to these illiquid assets, which remained in the closed fund, and would benefit from any future sales if those assets became tradeable again. The letter Mr H received when the fund closed explained this.

On 27 November 2023, Mr H received his annual Client Money Account statement from abrdn, showing that he had £160.21 in the account. Mr H contacted abrdn to query where this amount had originated and how he could access it. It was eventually explained to him in December 2023 that the money was from the sale of some of the previously illiquid assets in the AEE fund, and that it had entered his account on 30 August 2023. On his request, Mr H received the money directly in January 2024.

Mr H complained to abrdn about the way this process had been handled. He was particularly unhappy with the fact he hadn't been notified when the money entered his client account, only finding out three months later on receipt of the statement. He was also unhappy that he wasn't told upfront how he could access the money, and had to contact abrdn to ask. When he did contact them, his queries weren't answered straight away. He was also told that all shareholders would receive a letter about the closed fund and the ongoing sale of its assets, but this hadn't been received and Mr H felt it wasn't good enough that it be sent several months after the money had been deposited into client accounts.

In their final response, abrdn explained where the money had originated. They also gave some detail about why they couldn't answer Mr H's questions when he first contacted them using their online chat service. Mr H wasn't satisfied with abrdn's response, so he referred his complaint to our service where it was considered by an investigator.

In their submission to our service, abrdn apologised for Mr H's experience and offered him £100 for the inconvenience caused. They also provided further explanation in response to Mr H's queries. Whilst acknowledging that abrdn had delayed notifying Mr H of the £160.21 and failed to answer his queries in a timely manner, our investigator thought abrdn's offer was fair. Mr H disagreed, so the case has been passed to me.

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.

Having done so, I've reached the same outcome as the investigator for broadly the same reasons.

Discovering the £160.21 via his Client Money Account statement would have been understandably unexpected for Mr H. I acknowledge that he should not have had to wait three months from its deposit to be notified of it. Further, I can see that Mr H's queries about the money were not answered promptly, and that he was caused some concern about it being outside of his ISA wrapper and becoming taxable.

However abrdn have apologised where their customer service was not up to standard. They've explained that the proceeds from the sale of any further frozen assets within the closed AEE Fund will be deposited directly into his Sterling Fund. They've also said he can contact them if he'd like the £160.21 reinstated into his ISA and they'll look to do this for him. And they've offered Mr H £100 for the inconvenience he's been caused.

Mr H was notified three months after the money was received, and it took several weeks for him to get answers to the key questions of where the money came from and how he could access it. I think £100 is a reasonable amount for the distress and inconvenience he's been caused for this. I'm taking into account that Mr H has also received an apology, a thorough explanation of where the money came from and what went wrong, and has also been given the option of reinstating the money into his ISA should he wish to do so.

Mr H says he still has outstanding questions. Namely, these are 1) why was the letter abrdn said they'd send shareholders about the sale of the illiquid assets so delayed and what is the point of sending it after many months have passed and 2) if it's abrdn's intention to pay future proceeds into the Sterling Fund directly why didn't they do so this time.

I appreciate that Mr H feels the answers to these questions are important, and that he hasn't received satisfactory responses which, understandably, will be frustrating for him. However, I don't believe the lack of these answers materially affects the outcome of this complaint or causes him significant detriment such that I'd ask abrdn to do anything further. So I don't consider it necessary for the case to remain open on this basis.

My final decision

I uphold this complaint. abrdn Fund Managers Limited should pay Mr H £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 February 2025.

Artemis Pantelides
Ombudsman