**The complaint**

Mr A and Miss R complain that Interactive Investor Services Limited (IISL) charged them a late payment fee after monies they transferred into their trading account to pay for a share purchase took several days to be credited.

For simplicity, I'll refer to all submissions as having come from Mr A.

**What happened**

On 18 March 2024, Mr A placed a market best order to purchase 440 shares in RKT at a cost of £20,260. The trade had a settlement period of two working days which meant that Mr A needed to have cleared monies in his account by 20 March 2024.

On 20 March 2024, Mr A transferred £20,260 to IISL's bank account which was then credited to his trading account the following day. As Mr A didn't have enough cleared funds in his trading account on 20 March 2024 to settle the RKT trade, his account fell into a negative position resulting in IISL levying an interest charge of £36.42.

Shortly afterwards, Mr A decided to telephone IISL. In summary, he said that he was unhappy that IISL had applied an interest penalty when he'd transferred the monies to them on the date of the settlement. IISL's call handler explained that he would remove the charge as a gesture of goodwill. Mr A remained unhappy, so he asked the call handler to raise a formal complaint because he didn't believe his concerns had been addressed correctly.

After reviewing Mr A and Miss R's complaint, IISL concluded they were satisfied they'd done nothing wrong. They also said, in summary, that because Mr A didn't have enough cleared funds within his account by the settlement date, they were correct to apply the interest charge, and this was covered in their terms and conditions. They also explained that whilst the late penalty charge had been refunded as a gesture of goodwill by their call handler, that isn't something that they were obligated to do because the fee had been correctly levied. IISL said that they wouldn't refund any late payment fees again in the future if funds weren't received by the settlement date.

Mr A was unhappy with IISL's response, so he referred their complaint to this service. In summary, he said that they had sent the monies to IISL on 20 March 2024 and their bank advised them it would arrive there within two hours. Mr A went on to say that he didn't think it was reasonable that despite having sent the monies on the day of the settlement, that IISL didn't credit the funds to his account on the same day.

The complaint was then considered by one of our Investigators. He concluded that IISL hadn't treated Mr A and Miss R unfairly because from what he'd seen of their terms and conditions, IISL didn't give any guarantees that monies remitted to them would be credited to trading accounts the same day.

Mr A, however, disagreed with our Investigator's findings. In summary, he said that he'd sent IISL the monies on time and it wasn't his fault that they'd not 'booked' the funds until the next day. Mr A went on to say that this issue has occurred multiple times with IISL previously and each time, he's had to phone them and highlight his frustrations, at which point, they always refund him any costs.

Our Investigator was not persuaded to change his view as he didn't believe that Mr A had presented any new arguments that he'd not already considered or responded to. Unhappy with that outcome, Mr A then asked the Investigator to pass the case to an Ombudsman for a 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.

I have summarised this complaint in less detail than Mr A and Miss R have done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr A, Miss R and IISL in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr A and Miss R's complaint - I'll explain why below.

The crux of Mr A's complaint is that when he's making a payment to IISL, despite being told by his bank that the firm will receive those monies within two hours, his trading account with them isn't being credited until the following day. Mr A says that he places trades with IISL regularly, typically each month and the issue seems to arise time and time again. Mr A went on to say that he's forced to call IISL every month and 'kick up a stink' to get the late funding fee refunded. He also says that he doesn't want to send the money any earlier than the settlement date because he'd not get value for money from his funds; rather IISL would.

However, IISL have explained to this service that they're not a member of the faster payments scheme; that means despite receiving the monies from consumers' banks on typically the same day it's been sent to them, they have to undertake a number of checks before they're able to credit those monies to the customer's individual trading account and IISL say that's normally done so by the following day.

I've looked at IISL's terms and conditions that Mr A would've been provided with at the time they opened their account and that's what governs the relationship between them and IISL. It's clear to me that IISL require their customers hold sufficient cleared funds within their trading account on the date that they're required to settle any trades – this is covered under section 3.6 on page 5. But, those same terms don't make any warranties that any payments sent to them will be credited to the consumer's trading account on the same day;

rather IISL only state that payments will be credited 'as soon as is practicable'. In addition, the terms also make clear that where a consumer doesn't hold adequate cleared funds when the trade is due to settle, the customer will be subject to a late payment fee.

But, I can't conclude that IISL have done something wrong or treated Mr A and Miss R unfairly because I'm satisfied that their terms on this specific issue are clear. And, having listened to the telephone call that Mr A had with our Investigator on 28 May 2024, he's conceded that he knows full well that any monies he sends won't be immediately credited to his IISL trading account so by only sending the funds on the date of settlement, rather than a day earlier, he's aware that he won't have cleared funds in his trading account in readiness for settling his trades and then subsequently exposing himself to the likely risk of a late payment fee.

Whilst I appreciate that Mr A may not wish to send monies to IISL until the very last moment so he continues to benefit from those funds, if he wishes to continue to trade with IISL, he has to do so within the confines of the terms of the account. It's not within the remit of this service to dictate operational processes that a business must follow, that's for IISL to decide. So, as I've not been able to conclude that Mr A and Miss R have been treated unfairly, I'm not upholding the complaint.

## My final decision

I'm not upholding Mr A and Miss R's complaint and as such, I won't be instructing Interactive Investor Services Limited to take any further action

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Miss R to accept or reject my decision before 25 February 2025.

Simon Fox
**Ombudsman**