

The complaint

Mr J complains that Cofunds Limited (trading as 'Aegon') has unreasonably delayed the transfer of his ISA. Mr J considers the compensation it offered him of £25 is insufficient in the circumstances.

To resolve his complaint, Mr J believes Aegon ought to pay him specific compensation: £761 for the decreased value caused by Aegon delaying the sale of the units, £110 interest on that lost value and £250 for disingenuously requiring him to undergo further certification of his identity.

What happened

Mr J brings this complaint. He and his wife, Mrs J, each held investments with Aegon. They have both pursued complaints to this service arising out of the same circumstances, and Mr J is the representative for both complaints. However, their complaints are separate at this service, and this complaint relates solely to Mr J.

Mr J held a stocks and shares ISA and a general investment account on Aegon's Cofunds platform. On 7 August 2023, Mr J made a request to transfer the ISA to Leeds Building Society ('LBS'). LBS wrote to Aegon confirming that the transfer was to a cash ISA, and not in specie. Within its letter, LBS set out the relevant expected timescales for ISA transfers.

Aegon reviewed the request on 9 August 2023. It noted that the signature on the LBS transfer request paperwork did not sufficiently match the signature already held on its system for Mr J. Accordingly, it wrote to Mr J at his home address in order to ask that he provide further certification for his signature.

Aegon received Mr J's additional signature verification on 15 August 2023. That same day, it placed the trades to sell down units for the transfer according to its usual processes. The transfer then completed on 25 August 2023 and Aegon sent confirmation to both LBS and Mr J the same day.

On 12 September 2023, Mr J complained to Aegon in writing. He said, in summary:

- The units within his ISA should have been sold down on receipt of the transfer request on 7 August 2023.
- Instead, Aegon did not undertake the sale of the units until 17 August 2023.
- Aegon unreasonably required an additional certified copy of Mr J's signature.
- It should not have needed this, as it already held evidence of Mr J's signature.
- However, when liaising with Mr J on 29 August 2023, Aegon told him that it had 'lost' the signature and it therefore put Mr J to additional time and expense in obtaining additional certification from a solicitor at a cost of £250.
- The delay also meant that the value of the units sold had fallen by £761.
- To resolve the complaint, Mr J asked Aegon to refund the cost of certification, pay the difference in the unit sale and add interest using the Bank of England base rate.

Aegon promptly acknowledged the complaint. However, on 8 November 2023, Aegon sent Mr J a holding letter apologising for the delay in replying to his complaint. In the interim, Mr J brought his and Mrs J's complaint to this service. In both complaints, Mr J set out how this matter had transpired not because Aegon could not match their signatures, but because it had lost the originals.

Aegon thereafter issued a final response to the complaint in April 2024. It rejected the complaint, noting that on receipt of the transfer request on 7 August 2023, it couldn't accept the instruction as it needed signature verification from Mr J. It also required bank details from LBS as it didn't put its bank details on the instruction for Aegon to transfer the proceeds following the sale of the units.

It therefore sent Mr J a letter asking for signature verification and emailed LBS for its bank details. Aegon received the bank details from LBS on 9 August 2023. It received Mr J's signature verification on 15 August 2023 and sold down the units for the transfer the same day. The sales completed on 23 August 2023 and the payment was made on 25 August 2023. Aegon said it correctly followed its own process and abided by its service level agreements.

However, it did agree that it took too long to reply to the complaint due to staffing issues. Because of this, it agreed to pay Mr J £25 compensation for the delay.

An investigator then reviewed the complaint. She felt the substantive complaint should not succeed. She was satisfied Aegon processed the transfer within a reasonable timeframe and didn't cause any unnecessary delays. She also said that Aegon had a responsibility to carry out due diligence and if it wasn't satisfied with the signature on the transfer form, it had a right to request further information from the customer to satisfy itself that it was correctly transferring funds for its customer.

Our investigator noted that the exchange Mr J had with Aegon on 29 September 2023 was frustrating, since it was suggested by Aegon's customer service adviser that Aegon didn't have the correct evidence of his signature on file - when this was not the case. Though that specific customer services adviser could not locate the signature, Aegon has shown that it did have record of Mr J's signature from August 2021 – and this was used to make the comparison at the time of the transfer request to LBS. She therefore could not agree that Aegon had been unfair or unreasonable in undertaking verification. But, she think Mr J had been caused a degree of upset by receipt of misleading information from the adviser.

To that end, our investigator suggested that Aegon pay Mr J £100 in compensation. Aegon agreed with the proposed outcome and the reasons given by the investigator.

Mr J did not accept the investigator's conclusions on the complaint. He asked that the complaint was referred to an ombudsman. He also made a number of further submissions, noting:

- The transaction was unduly held up by Aegon because it could not find their original signatures at the time of the transaction – and Mr J was later informed of this.
- He suspects the customer services adviser did not have full access to relevant information.
- If the right information had been available to the relevant people at Aegon, it would have become clear that certified documentation was unnecessary.
- Aegon could also have chosen to verify his identity with his independent financial adviser if needs be.

- Instead, it caused both Mr and Mrs J inconvenience and trouble by having to seek further certified identification copies and consequently delayed the sale of the units in his ISA.
- Aegon also completed the two transfers on different dates, despite his and Mrs J's circumstances being identical.
- In their view, Aegon's administration is poorly run and unfit for purpose.

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.

Mr J and his wife have brought complaints to this service about their individual investments, as they were both seeking to transfer their ISA's at the same time. Though the two decisions will include much of the same wording, this decision is specific to Mr J's complaint.

From my review of this complaint, I appreciate the depth of feeling Mr and Mrs J have about this matter and I realise my decision won't be what they have hoped for. I'm unable to agree that Mr J's complaint should succeed. However, I also believe that some compensation ought to be paid to Mr J, for principally the same reasons put forward by our investigator. I'll summarise my reasons for reaching that conclusion below.

I thank Mr J for the submissions he has made on his and Mrs J's behalf regarding the complaint, both to Aegon and to this service. I have considered everything both parties have had to say about the complaint, but this doesn't mean I will be addressing every individual argument put forward.

This service's role is to investigate disputes and resolve complaints informally, whilst taking into account relevant laws, regulations and best practice. In reaching my decision, I'll focus on the issues I believe to be central to the complaint to decide what I think is fair and reasonable in all of the circumstances. We are not a court; and though there are rules I may rely on in respect of complaint handling procedures, I am not required to comment on each point or make specific determinations on every submission put forward by the parties.

It's also important for me to point out that we do not act in the capacity of a regulator. That means our decisions don't ordinarily interfere in how a business may conduct its operations or exercise what may be commercial judgment on the provision of a particular service. That remit falls to the Financial Conduct Authority ('FCA').

It is a decision for Aegon as to how it conducts identity verification for encashment or transfer of a customer's investments. Whilst Mr and Mrs J are entitled to form their own view on the reasonableness of Aegon's actions regarding those verification processes, I must also do the same. And from an objective standpoint, I do not consider that the transfer has been unfairly handled such that the compensation Mr J seeks should be paid now. Nor am I persuaded that Aegon otherwise acted contrary to its own service standards.

I do recognise that, when liaising with Aegon on 29 August 2023, Mr J was informed that *"The reason we asked for your signature verification is not because the signatures we had on file didn't match as previously mentioned. It was because we didn't have any signatures to verify them against therefore we asked for your passports as they are a signed document so we could verify the signatures on the documents sent to us were indeed from yourself."*

Aegon has confirmed that the customer services adviser in this instance was incorrect. While I appreciate that is frustrating for Mr and Mrs J, I am mindful that this information was told to Mr J four days after the transfer was complete and so, I do not find that this incorrect

statement unduly affected the transfer. I do, however, consider this will have caused upset to Mr J, and I will address appropriate compensation for that error later on in this decision.

As it was, Aegon did require further verification from Mr J for his signature to release the funds to LBS. It did hold a signature for Mr J previously – and it has shown us as such. Aegon determined that the signature was not a sufficient match for it to satisfy its due diligence requirements in accordance with its own service standards. I do not find that to be unreasonable in the circumstances, noting that matters of compliance with regulation are a matter for Aegon to determine. Aegon is otherwise reasonably entitled to undertake appropriate identity verification steps, and I have seen no evidence that it did so unfairly. As well as considering certification, Aegon also gave Mr J the option to resubmit his signature.

On general grounds, I'd expect to see that a business moves an ISA transfer along as quickly as is practicable in the circumstances. Each stage of a transfer may necessitate a different amount of human intervention and effort. Normally, in order to decide how long a transfer ought to have taken, I'd take into account a business's own service level agreements (SLAs) for each part of the transfer process. This can also involve taking account of third parties' SLAs – for example LBS's SLAs - or those of registrars and fund managers completing the re-registration of shares and funds.

Accordingly, I have considered Aegon's stated SLAs in relation to a transfer of this nature. It says once a transfer request is received, it will review it to make sure it had everything it needed to proceed – if it did not, it would write out to obtain any missing requirements within 5 working days of receipt of the request. Aegon met this timescale.

Once it received the relevant information to proceed, Aegon says it will place trades to sell down the units within an investment ISA within three working days – it did so the same day. Trades can take up to seven working days to clear, and the funds were available as cash by 23 August 2023. Aegon has a final service standard of three working days for the transfer of cleared funds. It sent the funds to LBS on 25 August 2023, on the second working day.

I recognise Mr and Mrs J continue to feel that matters were unduly prolonged by Aegon. However, I am also mindful of both industry guidance and the applicable terms and conditions which required transfers of this type to be completed within 30 calendar days. And Aegon met that requirement – following the original request on 7 August 2023, receipt of the necessary bank details for the transfer from LBS on 9 August 2023 and further certified identification evidence from Mr J on 15 August 2023, the new ISA was correctly set up by 25 August 2023.

I realise Mr J feels frustrated that his timescales were in fact slightly shorter than Mrs J's. However, though their investments many have been identical, they were individually held and individually processed by Aegon. I don't find that to be unfair.

It follows that I cannot uphold this complaint and do not believe the compensation sought by Mr J applies in these specific circumstances since I do not believe Aegon is at fault for the loss in unit value whilst identification was sought, or for any associated cost of certification.

As an aside, Mr and Mrs J have noted how Aegon clearly took far longer than it should to reply to the complaint. I do realise that this was frustrating for them, where the rules set out by the FCA applying to this service give businesses eight weeks to provide complainants with a final response letter. It is disappointing that Aegon wasn't able to comply with the time limit, but I am not obliged to apply a penalty for it not having done so. As I noted earlier in this decision, we do not 'police' businesses or issue directions as to how a business ought to conduct its operations. This is because we do not act in the capacity of a regulator.

The recourse open to Mr and Mrs J (instead of waiting longer than eight weeks for a reply) was to bring the matter to this service once the time limit had passed – which they had already done. Aegon recognised its service failing in issuing a delayed outcome to the complaint and it accordingly offered Mr and Mrs J £25 in the delayed final response letter. Mr and Mrs J could liaise with Aegon if they are now minded to accept the offer.

I am not able to enforce the offer or otherwise look at concerns about the timeliness or the manner in which Aegon dealt with the complaint, as complaint handling is not a regulated activity in its own right, and doesn't fall within the jurisdiction of this service.

Finally, I note that as well as putting right any financial losses in a complaint (though there are none in this instance) we also consider the emotional or practical impact of any errors on a complainant. In doing so, we do not fine or punish businesses. Instead, we consider the effect of the actions or inactions of a mistake or omission.

Considering the impact of the error, I believe £100 is reasonable in circumstances where the misinformation from the customer services adviser on 29 August 2023 has caused upset and concern for Mr J. It is the type of award applicable in a one-off incident or occurrence – such as an administrative error. I therefore agree this ought to be paid by Aegon, as it has not done so already.

Putting things right

Aegon ought to pay Mr J £100 for the upset he has been caused upon Aegon's adviser incorrectly informing him that it did not hold his and Mrs J's signatures in its records – when it did have that information available.

My final decision

I uphold this complaint. I believe Cofunds Limited (trading as Aegon) has behaved reasonably in the circumstances of determining its identification requirements and otherwise completed Mr J's ISA transfer within a reasonable timeframe. However, its sales adviser unduly caused misapprehension for Mr J when attempting to explain the reasons it asked him and Mrs J to reconfirm their identities. Accordingly, I direct Cofunds Limited to pay Mr J £100 for the upset he has suffered. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 15 July 2024.

Jo Storey

Ombudsman