

The complaint

Mrs P has complained that abrdn Fund Managers Limited caused delays in the transfer of her stocks and shares ISA to another provider.

The complaint has been brought on Mrs P's behalf by her son Mr P, who is acting under a power of attorney.

What happened

On 20 April 2023 abrdn wrote to Mrs P to explain that a holding in her ISA called the abrdn Multi-Manager Cautious Managed Portfolio was to be merged into the abrdn MyFolio Multi-Manager III Fund on 17 June.

On 10 May Mr P spoke to abrdn to discuss the charges under the ISA, and to enquire how the ISA could be transferred to another provider. On 29 May abrdn sent an email to Mr P that confirmed the ISA charges. Mrs P decided to move her ISA to a new provider (Vanguard) because she said this would reduce the charges she was incurring.

abrdn says that on 31 May it received an information request about the ISA from Vanguard, via a platform used for electronic transfers. It responded the same day with account details, including confirmation that Mrs P held funds in the Multi-Manager Cautious Managed Portfolio.

On 17 June, as abrdn had previously stated would be the case, the Multi-Manager Cautious Managed Portfolio merged into the MyFolio Multi-Manager III Fund.

On 5 July abrdn received a request from Vanguard via the electronic platform to transfer the ISA. This request was rejected because it asked for a transfer of the Multi-Manager Cautious Managed holding that was no longer in the ISA. abrdn says that an automated rejection was sent to Vanguard the same day that the request was received.

On 8 August Mr P complained to abrdn that the transfer had not been completed. In its response on 14 August, abrdn said that because Vanguard had requested the transfer, it believed Vanguard would have been keeping Mr P up to date with its progress. abrdn explained that the absence of an ISA holding in the Multi-Manager Cautious Managed fund had caused the transfer to fail. It did not accept that it had done anything wrong, taking into account the letter it had sent Mrs P in April telling her about the planned fund merger.

I understand that in September Mr P contacted abrdn to say that a new transfer request had been submitted by Vanguard. However abrdn said it had not received this new request. Mr P raised a new complaint. On 19, 20 and 24 October, Vanguard spoke to abrdn and agreed to submit a new transfer request on the same platform. This new request was received by abrdn on 25 October.

abrdn responded to Mr P's second complaint on 26 October. It largely reiterated what it had told Mr P in its 14 August letter, also saying that since it had sent its automated rejection of the transfer request on 5 July, it had not received a new request for information on the

transfer from Vanguard until 24 October. abrdn confirmed it had provided the updated information to Vanguard on 24 October, and said it was awaiting Vanguard's acceptance of the information in order to proceed with the transfer.

When later providing its file to this service abrdn explained that in fact, by the date it issued its 26 October letter, a further transfer request had again been rejected automatically on the electronic platform. This request and rejection occurred on 25 October, and was because the MyFolio Multi-Manager III Fund was not at that time enabled for electronic transfers.

After this later transfer failure, abrdn told Mr P that the transfer instruction would need to be sent in the post because an electronic request would not work. Consequently postal forms were sent, but abrdn says they did not arrive. Vanguard then emailed a PDF copy of the forms and abrdn accepted these. The ISA transfer completed on 16 November.

On 20 November abrdn sent another complaint response letter to Mr P. It acknowledged providing a "*disappointing customer experience*" and sent a cheque for £200 as a gesture of goodwill.

Unhappy with abrdn's response, Mr P brought a complaint to this service on Mrs P's behalf. He said that the transfer had taken over six months to complete, and during this time the ISA had incurred much higher charges with abrdn than it would have done with Vanguard. Mr P asked that abrdn compensate Mrs P for the higher charges she'd incurred during this period.

Mr P said that the merging of the funds in the ISA was a decision taken by abrdn, with Mrs P having no say in this. He commented that abrdn had not effectively communicated to Mrs P or Vanguard why the transfer request had failed following the fund merger, despite abrdn being the only organisation with an overview of what had happened. Mr P estimated that Mrs P had paid an additional £600 in ISA charges due to the transfer delay.

Mr P explained that Mrs P had also raised a complaint with Vanguard about the delayed transfer. In Vanguard's response, it accepted that the transfer had taken too long, and it said there were "*issues...due to delays in our processing.*" Vanguard paid Mrs P £175 which it described as a goodwill payment. Vanguard said that due to delays it had caused, it had also calculated Mrs P had had a financial loss, and it said it would pay this to her. Mrs P subsequently also brought a complaint to this service about Vanguard's handling of the transfer.

In making its complaint submissions to this service, aside from highlighting that it had made an error in its 26 October letter by failing to explain that it had rejected a transfer request on 25 October, abrdn gave further details about why that transfer had failed. abrdn said that the MyFolio Multi-Manager III Fund had been incorrectly set up so that electronic transfers were not enabled. If they had been, it stated the transfer would have completed on 25 October.

abrdn therefore accepted that it had delayed the transfer from 25 October to 16 November. It did not accept that it had caused any other delay, commenting that there was an extended period between the date it rejected the first transfer on 5 July and the date it received a second transfer request on 25 October. Considering the circumstances of the complaint, abrdn said it was making a further compensation offer of £150, in addition to the £200 already paid, to reflect the confusion and frustration its errors had caused.

Our investigator explained that under this complaint, he was only considering the actions of abrdn when looking at the time it took for the ISA transfer to be carried out. He said that the electronic transfer process is fully automated, and that consequently when the 5 July transfer request failed, a rejection was sent to Vanguard without any human intervention occurring.

Vanguard was then able to ask abrdn why the transfer had failed, and the investigator did not consider that abrdn was required to let Mrs P know about the transfer failure.

The investigator's view was that there was insufficient evidence that abrdn had received any transfer requests for Mrs P between 5 July and 25 October. He agreed that abrdn was at fault for delaying the transfer from 25 October to 16 November, and that its 26 October complaint response did not contain all the information that it should have done. The investigator considered that the total compensation offered by abrdn of £350 sufficiently compensated for the upset it had caused, and for the higher ISA charges Mrs P had incurred for the approximately three weeks abrdn had delayed the transfer.

Mr P confirmed that Mrs P did not accept the investigator's findings. He said that he appreciated the electronic transfer process is fully automated with no manual review of rejected requests, but he commented that abrdn still have a responsibility to provide reasonable customer service. Mr P highlighted that abrdn chose to merge the two funds in question, and he said that consequently it was for abrdn to ensure the merger worked seamlessly for its customers. He stated that when providing fund details to Vanguard in May 2023, abrdn did not explain about the forthcoming merger, and it did not indicate that after a certain date, a transfer request made via the automated process would fail. Mr P commented that abrdn was the only party with sufficiently complete information about the ISA to manage the situation relating to the transfer, in light of the complexity that was caused by the fund merger.

Mr P suggested that all electronic transfer requests after the fund merger would fail, and that only postal or email requests in November 2023 had the potential to succeed. He said abrdn should be liable for all of the transfer delay up to November 2023 because it *"did not communicate a working mechanism to Vanguard"* up to that date. He commented that suggesting Vanguard should have taken various actions was irrelevant because any action that abrdn advised Vanguard to take would have failed. Mr P said that abrdn *"created a complex situation which could not be resolved through standard processes... This inevitably creates delays."*

Mr P forwarded a copy of the assessment that this service had made on Mrs P's complaint about Vanguard. He asked that this be taken into account by the ombudsman looking at Mrs P's abrdn complaint, saying that this should be *"on the basis that where Vanguard are found not to be at fault than abrdn are at fault."* Mr P explained that he is concerned that his mother should not end up losing money.

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.

Firstly I acknowledge Mr P's request that in assessing this complaint about abrdn, I should take into account the complaint that this service investigated against Vanguard. I should explain that under this complaint, I need to consider abrdn's liability, if any, for the transfer delays that occurred. In doing so, I can confirm that I am aware of the content of the complaint made to this service about Vanguard, and I am mindful of assessing this complaint about abrdn by looking at all the circumstances of the events surrounding the ISA transfer.

As Mr P has highlighted, it was abrdn's decision to merge its funds. Whilst he has commented that this helped create a complex situation for the ISA transfer, I consider that abrdn was able to reasonably take the decision it did to merge the funds. In the circumstances, I have assessed whether this merger means that abrdn should reasonably

be considered to have caused delays to Mrs P's transfer, taking into account the electronic transfer system that was used by both providers for the transfer.

In my view, abrdn was clear about the timescale for the fund merger, telling Mrs P that it was intended to occur on 17 June 2023. abrdn says that the first information request it received relating to the transfer from Vanguard was on 31 May, and it responded that day. At that point, there was about two and a half weeks before the fund merger was due to occur. abrdn was not in a position to know when an actual request for a transfer was going to be received, or even if such a request would in fact be made.

abrdn did not receive a transfer request until 5 July, around five weeks after it had confirmed the ISA holdings via the electronic platform. As I explained above, under this complaint, I am assessing the actions of abrdn in relation to the time taken to arrange the transfer. Having done so, in my view it would not be reasonable to find that abrdn was at fault for the fact that about five weeks after the information request was made to confirm the ISA holdings on 31 May, those holdings had changed.

Mr P has pointed out that the cause of the change was the merger of the funds, and he says that it was abrdn who had the best understanding of what had occurred, and consequently why the transfer had been rejected. I acknowledge what he has said, but I'm mindful that the transfer rejection was via an automated system, and it does not seem unreasonable to me that abrdn was utilising such a system (as was Vanguard) for what on the face of it was a fairly routine process.

I understand that Mr P believes that abrdn should reasonably have stepped in at the point that the transfer failed, on the basis that it knew the failure was due to Mrs P no longer holding the Multi-Manager Cautious Managed fund, and that in itself was because of action abrdn had chosen to take. But it has been the convention for many years that the receiving provider initiates the ISA transfer process, often through an electronic transfer system. abrdn reasonably rejected the transfer because it requested the transfer of a holding no longer in place. In my view, abrdn was not obliged to explain the reason for the rejection at the time that it occurred, taking into account that the process employed was automated. It was only required to explain the reason if asked about it.

That being the case, I do not consider that it's been shown abrdn was responsible for the failure of the transfer that was attempted on 5 July, or that it acted unfairly in its handling of that transfer request. And on balance my view is that abrdn was not required to proactively contact Mrs P or Vanguard at this time to explain why the transfer had failed. It seems to me that its obligation was only to explain why the transfer had failed if asked to do so.

abrdn says that it has no record of receiving a transfer request between 5 July and 25 October. On balance, I do not consider I have reason to conclude that a transfer request was made to abrdn between those dates. abrdn does however accept that it caused a delay in the transfer from 25 October because it had not enabled the MyFolio Multi-Manager III Fund for electronic transfers at this date. This meant that Mrs P's ISA was not transferred until 16 November. abrdn also accepts that its letter dated 26 October did not provide a full update about the status of the transfer request that had just been received and rejected.

I agree that abrdn's communications were not as clear as they should have been in its 26 October letter. I would also agree that abrdn was at fault for the delay in the transfer between 25 October and 16 November because it should have been able to electronically transfer the MyFolio Multi-Manager III Fund. This caused Mrs P further difficulties. However, my conclusion on balance is that abrdn did not cause any other element of delay in the transfer.

abrdn has now offered a total compensation amount of £350 for these errors. I appreciate that Mrs P is likely to be disappointed with my findings. However, taking into account the length of the delay that I consider abrdn caused in the transfer, and awards made on cases with similar circumstances, my view is that the compensation now offered by abrdn is fair.

My final decision

My final decision is that I uphold this complaint in part.

abrdn Fund Managers Limited has already made an offer to pay a further £150 compensation, in addition to the £200 it has already paid, and I consider this offer is fair in all the circumstances.

My decision is that abrdn Fund Managers Limited should pay a further £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 25 February 2025.

John Swain
Ombudsman