

The complaint

Mr M complains about the way abrdn Investments Limited dealt with his request to transfer his stocks and shares ISA to a new manager. He says there were delays, which prevented him from accessing his investment. This caused him significant distress and wasted time trying to resolve things.

What happened

In June 2023, AIL issued a mailing to all investors (including Mr M) in the AIL Investment Trust Savings Plans to explain it was to close this service at the end of 2023. Investors were given the option to transfer their account to another firm with the AIL group, sell their holdings or transfer to a third-party.

Mr M selected the last option. In late September 2023, AIL says it received correspondence from a new third-party ISA manager requesting a transfer of Mr M's AIL investment to them.

On 23 October 2023, Mr M raised a complaint with AIL as he was unhappy with the way the transfer had been handled and the delays he faced.

On 4 December 2023, AIL responded to the complaint. In summary it said:

- It appreciated it was confusing after the transfer request was made that Mr M could no longer view his investment online. It said this was due to it being in the process of closing the account as part of the transfer.
- It apologised for the delay in concluding the transfer. It explained it had received an increase in correspondence from investors after the closure announcement, and while it tried to minimise disruption some clients had experienced slower turnarounds on their instructions.
- It confirmed a transfer date was agreed with Mr M's new ISA manager and this was placed on 17 November 2023- and his shares settled on 21 November 2023. It acknowledged this was outside of the industry standard 30-day timescale for ISA transfers, but this was due to the reason stated previously.
- Mr M's funds remained invested during the in-specie transfer, so he had not been out of the market. While he could not see his holdings online, he wasn't prevented from buying or selling shares by sending a written instruction.
- It understood his frustration when trying to contact AIL. It had experienced a large volume of calls and recognised the waiting times had caused Mr M stress and inconvenience. In light of this and for the delays experienced, it offered Mr M £50 in compensation.

Mr M wasn't happy with the response so he referred his complaint to this service for an independent review.

AIL reviewed the complaint and informed us it would like to make a new offer to Mr M. It offered to pay a further £150 in compensation for the delay and frustration it was culpable for, bringing the total offer to £200.

The new offer was put to Mr M but he didn't accept it, so our investigator commenced an investigation into the concerns raised. Mr M also provided some further information in relation to his complaint – this included a point about problems in receiving all of the cash he was due as part of the transfer. He also raised concerns about AIL breaching the Financial Conduct Authority's (FCA) Consumer Duty rules.

Our investigator issued an assessment. In summary he said:

- Looking at the transfer delay of Mr M's share holdings, it's evident that AIL have fallen short here and this is, rightfully, why AIL has offered compensation for what's happened. He found the total compensation offer of £200 to be fair in the circumstances based on the impact Mr M had suffered due to the failings.
- He didn't think the delay in transferring the invested holdings caused a financial loss as he hadn't seen evidence of an intention to trade by Mr M.
- But AIL failed to recognise the potential financial loss Mr M suffered by not having access to his cash as soon as it was reasonably available. He said AIL should compensate Mr M by paying interest (at a rate of 8% simple) on the cash amount of £741.90 that should've gone straight to his new ISA manager – for the period 21 December 2023 to 22 January 2024.

AIL accepted the investigator's assessment and agreed to pay the suggested compensation.

Mr M didn't accept the conclusions and raised further points. In summary he said:

- The market was much more volatile during the last quarter of 2023, so monitoring and exiting stocks was much more applicable.
- He didn't think the FCA Consumer Duty regulations had been considered from his perspective – and believes there had been a breach of the principles set out for consumer understanding and consumer support.
- The compensation offered of £200 is derisory and he wants thousands rather than hundreds of pounds as the investigator hasn't taken into account the amount of time and the stress he has been through.

The investigator clarified as Mr M's complaint is in relation to a closed product and the complaint event happened before 31 July 2024, the Consumer Duty wouldn't apply in this instance. He reiterated his view that the offer to pay Mr M total compensation of £200 for the distress and inconvenience he suffered due to the shortcomings in AIL's handling of the transfer was fair and reasonable.

As no agreement could be reached the complaint has been passed to me to reach a final 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.

It is clear Mr M has very strong feelings about how AIL handled the transfer of his investment. I've read and considered all of the concerns he has raised. However, I trust he won't take the fact my findings focus on what I consider to be the central issues, and that they're expressed in less detail, as a discourtesy. The purpose of my decision is not to address every point raised in detail, but to set out my conclusions and reasons for reaching them.

I would also like to be clear that the purpose of my decision is to come to a fair and reasonable outcome. My role isn't to punish or sanction AIL. The Financial Ombudsman Service was set up to consider complaints from customers about financial service providers. We are not the regulator and we do not oversee the industry, that's the role of the Financial Conduct Authority (FCA).

Firstly, I acknowledge Mr M has been clear that he believes AIL's handling of the transfer has resulted in a breach of the FCA rules and guidance contained in the Consumer Duty.

Having reviewed the circumstances of this complaint I'm satisfied that the Consumer Duty isn't a relevant consideration to my findings as the specific ISA product and event Mr M is complaining about fall outside of the scope of the duty.

The Consumer Duty applies to "open" products and services since 31 July 2023, and to closed products and services from 31 July 2024. It doesn't apply to complaints about events that happened before that.

The ISA product Mr M was transferring is a closed product for the purposes of the duty as explained by the investigator – and the event complained about happened before 31 July 2024. This means his complaint falls outside of the scope of the duty and therefore the duty is not a relevant consideration here.

But AIL still had other regulatory obligations to follow in respect of how it handled the transfer - including that Mr M is treated fairly and it acts in his best interests. And I've taken this into account in deciding what I think is fair and reasonable in the circumstances.

It is clear that there have been problems in the completion of the transfer. The main reason given for the delays given by AIL is that it had received a high volume of correspondence following the closure announcement. It has conceded that the service Mr M received fell short of the standard it expects to deliver and I note the admitted failings on its part. There were delays that meant the transfer didn't complete as quickly as expected. And the withdrawal of online access after the transfer was initiated caused confusion. I also note that Mr M had problems contacting AIL through its phone lines, and he didn't always receive timely responses to his communications.

Mr M has explained the impact of the issues he faced. He says it caused stress and frustration while things were delayed. When he lost online access to his investment this worried him as it wasn't communicated this would happen. He's also explained that he spent considerable time trying to contact AIL to find out what was going on – which caused him inconvenience. And I can see that he has continuously needed to chase things up before the transfer was fully complete with all of his shares and cash being transferred to his new ISA manager.

So overall, the impact AIL's handling of the transfer has caused distress and worry – as well as inconvenience to Mr M that meant he spent extra time trying to get the transfer sorted. Having considered everything, I'm satisfied that the increased offer of £200 fairly

compensates Mr M for the impact caused as a result of AIL's handling of the transfer. While Mr M has requested a much larger payment, I find this level of compensation in line with the type of award I would make in the circumstances. I understand £50 has already been paid to Mr M, so a further £150 is due to him.

I'm satisfied that Mr M hasn't suffered a financial loss as a result of missing an intended investment opportunity in relation to his invested funds because of the transfer delay. The transfer was in-specie, so he stayed in the market during the period it took to fully complete the transfer of all of his shares. And from the statements I've seen, he didn't sell shares and reinvest immediately after they were transferred. However, I do note there was a delay in Mr M receiving all of the residual cash that was due. From the information I've seen there was a delay of around a month where cash was still with AIL when it should have been transferred to the new ISA. It also appears the cash funds were erroneously sent by cheque directly to Mr M, before AIL corrected and sent the money to the new ISA manager.

Our investigator recommended that AIL pays Mr M interest for the period he didn't have access to this cash. It isn't clear what Mr M would, have done with these funds if they had been transferred sooner. But the addition of interest is one way of compensating Mr M for the loss of opportunity to invest. I also note AIL has agreed to make the suggested payment. Taking this all into account, I'm satisfied overall this provides a fair and reasonable way to compensate Mr M for the delayed cash transfer.

For the reasons I've explained, I uphold this complaint.

My final decision

abrdn Investments Limited has agreed to pay compensation to cover any loss Mr M has suffered due to not having access to all of his cash funds when he should have. This is to be calculated by paying him 8% simple interest on the cash amount (£741.90) for the period of delay (21 December 2023 to 22 January 2024).

It has also offered to pay £200 to settle the complaint for the distress and inconvenience caused by its handling of the transfer. I understand £50 of this amount has already been paid to Mr M, so abrdn Investments Limited needs to make a further payment of £150 to him for this element of the compensation.

I think this is fair in all the circumstances, so my decision is that abrdn Investments Limited should pay the remaining compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 August 2024.

Daniel Little
Ombudsman