

The complaint

Mr R complains that Interactive Investor Service Limited (Interactive) issued a cheque with incorrect payee details which caused a delay in him receiving money from his ISA.

What happened

Mr R held an Investment Trust Savings Plan with ABRDN. In December 2023 he received notice that ABRDN were not going to be offering this service going forward and informed Mr R that he could transfer his holdings to Interactive (who were an associated business) or transfer to a different provider.

Mr R made the decision to transfer his holdings to another platform and informed ABRDN of his intention to do so. Mr R held a "Share Plan" and an ISA and he instructed ABRDN that he would be transferring both to the new provider and gave instructions on what he wished to happen with residual amounts.

Following the instructions Mr R gave, a series of errors occurred where he received cheques not made payable to him and amounts being transferred to his new provider without his knowledge.

While some of these errors occurred in Mr R's dealings with ABRDN, and some with Interactive, Interactive have taken responsibility for all that happened relating to the closure of the ABRDN accounts and across the migration period. So while I refer to both firms in this decision, I'm satisfied Interactive are responsible for everything that happened.

A further payment was due to Mr R following the "Final Liquid Distribution" of one of his holdings. Initially Interactive said they could not transfer this amount directly to the new provider without Mr R agreeing to their terms of service, which he was not prepared to do.

Interactive confirmed upon further consideration of the circumstances that it would transfer the funds to the new provider without the need for Mr R to agree to their terms of service. In their final response Interactive agreed that the complaint should be upheld due to the issues experienced with the cheques sent to Mr R. Interactive offered to pay 8% interest on £963.48 for the days it was delayed in reaching Mr R which amounted to £18.16.

Interactive also offered £50 for the initial error and a further £30 for the calls Mr R had to make. Mr R was unhappy with the offer made and asked our service to consider the complaint.

Our investigator determined that an error had been made in relation to the cheques that were issued but Interactive had not made an error when initially requiring Mr R to agree to their terms of service. Ultimately, they agreed that the offer made was fair to resolve the complaint.

Mr R disagreed and requested that his complaint be referred 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.

Having read Mr R's detailed submissions I can appreciate his sense of feeling about what has happened. However, I should clarify that our service is not the industry regulator and cannot impose fines or punish any business for mistakes they make. Mr R is free to approach the industry regulator, the Financial Conduct Authority, should he feel that there are serious issues with how Interactive and ABRDN operate.

Mr R has made a number of points, however I feel the issue central to the complaint is about the payee named on the cheque. As Interactive has confirmed that a mistake has been made concerning the payee named on the cheque, I do not feel it necessary to go in to how the mistake was caused. The outstanding issue, as I see it, on this complaint is whether the offer made by Interactive is fair to compensate Mr R for the distress and inconvenience he may have experienced.

In his submissions to our service Mr R has raised points concerning ABRDN's use of cheques and their fraud prevention policy. The points Mr R has raised are valid and I agree with the notion that fraud prevention is a serious matter but our role is to primarily consider Mr R's financial loss as a result of mistakes made by the businesses in question.

Mr R has confirmed that he did receive the money owed to him and rather than pay a fee to have it transferred elsewhere he decided to use it towards his ISA allowance. In doing this Mr R has mitigated any potential loss he may have incurred, and I am unable to make an award for a cost or a loss that he did not suffer.

In respect of the delay on Mr R receiving his cheques due to the error of ABRDN I would expect them to make an offer in line with what our service would recommend. I can see that they have offered to pay 8% interest on the amount for the days it was delayed in reaching Mr R which amounted to £18.16. This is in line with our service's approach and I as such I will not be recommending any further redress for this.

I have considered Mr R's comments about building work that he was having carried out on his property and that some of the expected funds were to be used towards this. Mr R has not provided any evidence of a loss he has experienced as a result of the delay, so I am not making an award in relation to this point.

I have also considered the distress and inconvenience Mr R has experienced as a result of the mistakes caused by ABRDN and Interactive. I acknowledge that Mr R feels that the offer made by Interactive is not enough to compensate him for their error. However, the awards our service makes are modest and are not intended to punish or fine a business.

I'm satisfied that the issues with the cheques - putting the wrong payee did inconvenience Mr R and I don't make light of that. But taking everything into account I think the total offer of £98.16 is fair and reasonable compensation in the circumstances

My final decision

Interactive has already made an offer to pay £98.16 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Interactive Investor Service Limited should pay £98.16.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 March 2025.

Rob Croucher
Ombudsman