

The complaint

Ms R complains that Legal & General Investment Management Ltd ('L&G') unreasonably closed her four stocks and shares ISAs and paid her the cash value. Ms R says L&G's actions have caused her to lose the tax-free status of her funds.

What happened

In 2020, L&G announced that it had sold its personal investing business to Fidelity – and at that time it gave customers the option to transfer their investment products to Fidelity. Otherwise, it explained that in the long-term, investing with L&G would cease. New subscriptions to affected ISAs ended in the 2021/2022 tax year.

In 2021, Ms R raised a separate complaint about one of her accounts being merged with a trust account. A final response to that complaint was issued in August 2021. As a result, the trust account was kept separate and the four ISAs remained as a personal account for Ms R.

In September 2023, L&G wrote to Ms R (and all other affected customers) setting out that ISAs would be closing on 4 March 2024. It gave Ms R three options:

1. Transfer the units held in her ISAs to a different ISA manager by providing complete transfer instructions before 2 February 2024.
2. Withdraw her funds.
3. Donate her funds to charity.

L&G then wrote to Ms R again in December 2023, noting it had not heard from her in respect of her choice regarding her ISAs. In that letter it reconfirmed how the deadline for transfers was 2 February 2024 and gave the same options as the previous letter. It also advised that if no action was taken then the investments would be redeemed on 4 March 2024.

Ms R did contact L&G before the deadline regarding her separate trust account – but she did not reply in respect of her four personal ISAs. Because of this, L&G then transferred the cash values to Ms R directly. On 11 April 2024, L&G confirmed the ISAs were closed.

Ms R complained to L&G, and spoke with a complaint handler by telephone.

On 22 February 2024, L&G rejected the complaint. It explained how the correspondence from September and December 2023 was clear in requiring Ms R to notify L&G before 2 February 2024 if she wished to have her ISAs transferred to another provider, but she did not do so. L&G said it had not acted incorrectly or unfairly in sending Ms R the cash values of the ISAs in the absence of any communication otherwise from her.

Ms R was unhappy with the outcome of her complaint and she referred it to this service.

An investigator reviewed the complaint, but he did not believe it ought to succeed. He was satisfied that L&G's correspondence had made clear that there was a deadline of 2 February 2024 to submit any ISA transfer instruction and that the account would be closed on 4 March 2024. It had given Ms R clear options as to her next steps and the required deadlines.

Though our investigator was mindful that Ms R preferred large print letters to be issued, L&G had never been made aware of this requirement such that it could have known to do things differently. He was also satisfied that Ms R had spoken with L&G via telephone in December 2023 and had a discussion about what she intended to do with her ISAs.

Ms R then supplied formal written submissions, noting she wanted her complaint to be passed to an ombudsman. I have read everything Ms R said, but I won't repeat it verbatim here – as I am recapping the background to the complaint. In summary, Ms R submitted:

- She doubts that what passes as regulations in the UK permitted L&G to take the actions it has.
- She recounted the history of this service, and the statutory function given to it by the Financial Conduct Authority ('FCA') under the Financial Services and Markets Act 2000.
- In her view, since this service has no powers to enforce its own decisions, businesses inevitably succeed over consumers due to financial influence.
- L&G botched the ISA situation and simply got rid of business it no longer wanted.
- She was undergoing other detailed work as a trustee with different L&G accounts and simply overlooked the deadline.
- She is elderly, disabled and poorly – and L&G could take account of this and extend the ISA deadline, but it won't do so.
- Government guidance says that past ISA allowances cannot be lost but L&G ignored this.
- The new transferee business would have accepted the ISAs at any time.
- She feels that her previous complaint with L&G relating to her concerns as a trustee has caused L&G to act in a vindictive manner now.
- She also has separate concerns about a subject access request that L&G has failed to fulfil.
- In her view, both this service and the FCA are corrupt – and complicit in condoning L&G's behaviour.
- L&G dishonestly paid the ISA cash values into her account, without her agreement.

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 thank the parties for their considerable patience whilst this matter has awaited an ombudsman's decision, given the current demand for our service. I also send my best wishes to Ms R, as I can see she has detailed several health concerns she is suffering with – and I appreciate the effort she has taken to correspond with this service at what is clearly a difficult time for her.

I do recognise the depth of feeling that Ms R has about L&G, this service, the FCA and the issue she has complained about in general. However, I cannot uphold a complaint merely because of my empathy for a complainant's circumstances. The Financial Ombudsman Service provides informal dispute resolution. My remit is to make findings on what I believe to be fair and reasonable to both parties in the circumstances whilst taking into account relevant laws, regulations and best practice. This does not follow a prescribed format; instead, I will set out my reasons for my findings on what I consider to be the central issues in this complaint, based on the evidence before me.

I realise Ms R feels L&G has behaved unfairly in taking the decision it has in respect of the

closure of its investment business. However, government guidance permits voluntary cessation for a business acting as an ISA manager. It states (to the business) that:

“If you intend to stop managing ISAs, you must notify your investors and HMRC at least 30 calendar days before you stop being a manager. Your notice to investors must inform them:

- of their right to transfer their account to another manager*
- if you intend to make a bulk transfer of accounts*
- the account will cease to be an ISA and exempt from tax unless it is transferred.”*

Both of the letters issued to Ms R in September and December 2023 about her ISAs comply with all of the requirements set out above.

The guidance also confirms the actions on the part of the investor, which says *“for their account to remain an ISA and exempt from tax, the account investor must instruct a transfer of their account before the ISA manager ceases to act as an account provider”*.

This meant that Ms R had to notify L&G with the relevant details of the new account for her chosen transferee business. The September 2023 letter was entitled **“Important notice requiring your attention - your Individual Savings Account (ISA) is closing soon”**. It had a clear instruction on the first page, set out in a bold box, which said:

“What should I do now?

You need to decide what to do with your ISA.

If you want your money to stay invested in your Legal & General fund(s), you need to find a different ISA manager to administer your ISA. This process is called ‘transferring your ISA’. Please see Option 1 overleaf for more details.

*Once you have chosen a different ISA manager, they can arrange the transfer for you, but they must give us complete and final transfer instructions by **2 February 2024**.*

*If you do not do this, we will sell your investment(s) and close your ISA on **4 March 2024**.*

Tax impact: By transferring your ISA to a different ISA manager, you will retain any tax benefits that holding your money in an ISA may provide.”

In my view, the letter does not contain hidden instructions, small-print or any other misleading statement such that Ms R could not have known the steps she had to take with the ISAs, if she wished to transfer them to a new business to retain the tax wrappers going forwards.

I recognise Ms R has said she requires assistance with larger prints; however, no adjustment or requirement was communicated to L&G. Further, I am also mindful that Ms R spoke with L&G by calling it on 5 December 2023. In that exchange, she confirms she is calling for clarification about the proposed transfer of the investments – two of which she operated for the trust, and the rest being her ISAs.

In that call, Ms R queried the February and March dates – and it was made clear to her that instructions to transfer investments had to be received by L&G by 2 February 2024.

I am therefore persuaded that Ms R was sufficiently aware of what actions needed to take place in order to ensure her ISAs transferred and by when. It is entirely unfortunate that she did not do so, but I cannot agree that L&G has acted in an unfair or retaliatory manner because she previously made a complaint. I have seen no objective evidence of that nor have I seen any suggestion that an action or inaction on L&G's part prevented her from retaining the ISAs in the required manner.

All affected customers had to provide transfer instructions to L&G before 2 February 2024 to make transfers of their investments ISAs – and Ms R didn't do so in time.

That L&G gave a later deadline in March 2024 for actions in selling down the ISAs does not alter that Ms R needed to supply the instruction before the February deadline, and she was aware of this requirement several months beforehand.

I can see Ms R feels she will incur a general tax liability for past years – this is not the case. As L&G explained, she lost the tax benefits of the ISA wrapper at the point the ISAs were closed and issued to her as cash. This does not undo that her funds were exempt from taxation in past tax years whilst held within the four ISA wrappers. Understandably, Ms R may wish to seek financial advice in respect of her funds going forwards.

Though Ms R has asked that this service compels L&G to change its decision on the closure of its investment business, I cannot do this. It's also important for me to point out that we do not act in the capacity of a regulator. That remit falls to the FCA.

As an aside, Ms R remains free to pursue any concerns she has about access to her personal information held with L&G by way of a complaint or by referral to the Information Commissioner's Office. I do not make any findings on that matter since it is not part of this decision.

My final decision

I do not believe Legal & General Investment Management Ltd has acted unfairly or unreasonably in respect of the closure of Ms R's investment ISA accounts. Though I know this decision won't be what Ms R has hoped for, I cannot uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 27 January 2025.

Jo Storey
Ombudsman