

## **The complaint**

Mr H complains that M&G Investment Management Limited didn't make it clear how long it would take for a payment made by direct debit to reach his Individual Savings Account ('ISA').

## **What happened**

On 5 March 2024, Mr H requested a payment into his M&G ISA using a one-off direct debit from his bank. When the payment hadn't arrived in his ISA, Mr H told M&G he wanted to cancel the payment and instead make it through his debit card. When M&G explained they needed confirmation from his bank that the payment had been cancelled, Mr H complained about the delay. He believes that M&G didn't make it clear how long a payment by direct debit could take. M&G accepts they had been told by Mr H's bank that the direct debit had been cancelled on 12 March. M&G offered to complete a price comparison using the best price available if Mr H wanted to complete his ISA transaction.

Mr H brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator didn't think M&G had done anything significantly wrong. Regardless of this, they felt M&G's offer to use the unit price available was a fair and reasonable one to protect Mr H from any losses caused by their unclear communications. Mr H asked that on Ombudsman decides the complaint and it has been passed to me to consider.

## **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 understand that Mr H will be disappointed, but for very much the same reasons as our Investigator I've decided not to uphold the complaint. I will now explain why.

Mr H completed an on-line instruction for M&G to request a payment from his bank account to fund a further investment into his 2023-24 ISA. Mr H could have chosen for the payment to be made by direct debit, or by debit card. In this case he chose to request the payment by direct debit. The crux of Mr H's complaint is that he was unaware how many days it would take for a payment requested by direct debit to be available to invest.

M&G's terms and conditions explain how payments collected by direct debit are treated. They say;

*"A7.11 One-off payments by Direct Debit: You can place a buy Order and ask us to take a one-off payment from your bank account by Direct Debit to pay for it. This payment will come from your Nominated Bank Account. If we do this, we will not buy the Investment that you have requested until we receive the money to pay for it. It may take us up to nine Working Days to claim your one-off Direct Debit payment. Once we receive your money we will place your buy Order at that M&G Fund's next Valuation Point."*

In addition, M&G have provided us with a screen shot of what Mr H would have seen when choosing a payment either by direct debit or credit card. In respect of a payment by direct debit card, M&G say;

*“One off Direct Debit payments can take up to eight working days to complete. We will not place the transaction until we have received your cleared funds.”*

So, when Mr H requested to make his investment into his M&G ISA by direct debit, I'm satisfied M&G had made it reasonably clear that the funds may take up to eight or nine days to be available in his ISA account. When Mr H called M&G on 11 March to find out why the payment hadn't been received, he said he would cancel the direct debit with his bank. Mr H asked if he could invest the same amount into his ISA using his debit card, but M&G said that they would need evidence from his bank that the payment by direct debit had been cancelled before they could take a new payment. I understand why Mr H may have been frustrated by M&G's position in this regard. However, M&G have a responsibility to ensure an ISA isn't overfunded, and in this case, I'm persuaded M&G were acting reasonably to ensure that the direct debit payment wasn't in the process of being paid into his ISA.

Although I can see that Mr H requested M&G amend his ISA allowance immediately, for the same reasons as I have provided above, I'm persuaded M&G weren't in a position to do that until they knew whether the direct debit payment had been cancelled.

Taking the above into account, I can't reasonably say that M&G were responsible for any delays in Mr H's ISA being funded once he had made the decision to invest using a direct debit.

M&G received notification from Mr H's bank on 12 March confirming the direct debit payment had been cancelled. Mr H has provided a screenshot of a secure message M&G sent him the same day telling him of this. It seems to me that there was some confusion at M&G about whether the direct debit had been cancelled. I understand Mr H is frustrated that when he called M&G on 13 March the agent was unable to explain what had happened, but I don't think this had any significant impact on Mr H.

Mr H has said that M&G's system wouldn't allow him to transfer funds until M&G had received confirmation the direct debit had been cancelled. However, M&G did offer to carry out a best price comparison to offset any potential losses between the time when the direct debit cancellation was confirmed and when his debit card payment was received. I'm persuaded that this was a reasonable remedy in the circumstances. Regardless of this Mr H chose not to invest with M&G.

In his response to our Investigator, Mr H says he doesn't understand why the Investigator referred to the funds as being received into his M&G ISA account. However, I've seen a screenshot M&G has provided showing they did receive the payment Mr H had made by direct debit on 18 March, despite previously being told the direct debit had been cancelled. I've also seen a statement M&G sent to Mr H dated 21 August 2024 showing a payment was received on 18 March and that M&G reversed this on 20 March. So, regardless of Mr H believing the direct debit never reached his M&G ISA account, the evidence suggests it's more likely than not that it did, but M&G returned it.

### **My final decision**

For the reasons above, I've decided M&G Investment Management Limited didn't do anything significantly wrong.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 8 April 2025.

Paul Lawton  
**Ombudsman**