

The complaint

Mr B has complained about delays he experienced when transferring his individual savings account (ISA) to Vanguard Asset Management, Ltd (Vanguard).

What happened

At the end of May 2023, Mr B initiated an ISA transfer to Vanguard from a third-party transferor provider. The ISA transfer didn't complete until 23 August 2023 and Mr B complained. Highlighting the HMRC ISA transfer guidelines which state an expectation that this type of transfer is completed within 30 days.

Vanguard responded to say they didn't think they had done anything wrong. They said they had requested the transfer, within a timely manner and in line with the guidance. They said any delay was due to the transferor not sending the full portfolio of funds as requested.

Our investigator looked into it but didn't think Vanguard were responsible for all the delays. She noted however, that after recognising the full portfolio hadn't been sent over, they could have acted quicker in accepting the correct amount (after initially returning the incorrect funds).

Vanguard agreed with that and confirmed. However, Mr B didn't. He said he still didn't know how the delay had been caused and wanted appropriately compensating.

The case was passed to me to decide and I issued my provisional findings on 2 December 2024. An extract from which, forms part of my decision below:

Mr B held two portfolios (001 and 002). Fund 1 was held across 001 and 002, Fund 2 was held only in 002. I have a copy of the transfer request completed by Mr B and it only had his account number (which covered 001 and 002). It didn't give any separate portfolio numbers and Mr B has confirmed he didn't provide these to Vanguard.

Unfortunately, only Fund 1 was sent to Vanguard in a timely manner. I can't be sure what happened and need to consider this case on a balance of probabilities. I believe it is more likely that the error was in only providing a valuation to Vanguard for one fund. (Fund 1). I say this because a cheque was sent for the total valuation of Fund 1, despite it being held across both portfolios. Also, I haven't seen anything to suggest Vanguard made any error. They only had the overall account number from Mr B and I am satisfied it was this they used to request the valuation and transfer.

Whilst I don't believe Vanguard are responsible for not receiving the Fund 2 value, I do believe they caused a delay in investing the value of Fund 1. They received cheques for these on 7 July 2023 but returned them. Vanguard have said to me, this was because they couldn't accept a partial transfer but I don't believe that is the case. Vanguard even acknowledged this in their final response letter to Mr B, where they said "Unfortunately, we returned the cheques ... in error".

To put things right I think Vanguard should pay Mr B the difference between what Fund 1 is worth now and what it would be worth had it been invested as it should on 7 July 2023. They have also offered or paid Mr B £250 for the distress and inconvenience caused. I think this is fair.

Mr B responded to the provisional decision to confirm he had nothing further to add.

Vanguard didn't accept the findings. Amongst their points in reply, they said:

- They maintained they had requested a full transfer.
- They maintained they couldn't accept the cheques they had received as it would be deemed a partial transfer, which they do not accept for cash transfers (This was a cash transfer and partial transfers could only be for Vanguard funds).

As no agreement was reached, the case has been passed back to me to decide.

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 done so, I am not persuaded to depart from the findings I set out in my provisional decision. I'll explain why.

I don't hold Vanguard responsible for the full transfer not going through in a timely manner and only proceeds for Fund 1 being sent to them initially. However, I remain satisfied they didn't need to return the cheques for Fund 1. Not doing so, caused delay in these proceeds being invested. I have set out how they can put things right regarding this below.

I note their comment regarding not accepting a partial transfer. However, I don't believe this was a partial transfer. The guidance Vanguard refer to means they only accept full transfers of previous years ISAs unless Vanguard funds. This wasn't a request for a partial transfer. I believe Vanguard could have kept the cheques they had received for Fund 1 and waited to resolve the matter regarding Fund 2. The error had been noted and the previous provider was aware and was awaiting confirmation for Fund 2. I don't believe the cheques needed to be returned on 7 July 2023 and in not doing so, there was a delay in Mr B's investment for this amount, which Vanguard is responsible for.

Vanguard have already previously offered to pay Mr B £250 compensation. I maintain this is fair, considering the impact on Mr B. Especially considering the time this has been going on for.

Putting things right

To put things right for Mr B, Vanguard Asset Management, Ltd should:

- Pay Mr B the difference between what Fund 1 (ISIN GB00B7KMK266, Liontrust MA UK Equity Fund Class A Acc) is worth now and what it would be worth had it been invested as it should on 7 July 2023.

- Pay Mr B the £250 they offered, if they haven't already done so.

My final decision

My final decision, is that I uphold this complaint in part against Vanguard Asset Management, Ltd. They should put things right as I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 January 2025.

Yoni Smith
Ombudsman