

The complaint

Mr J is unhappy with a delay caused by Vanguard Asset Management Ltd in relation to the transfer of his stocks and shares ISA.

What happened

Mr J completed an ISA transfer form with a different business (the transferee) on 31 July 2023. This was then sent to Vanguard by the transferee along with a cover letter dated 4 August 2023. The request was for a cash transfer, rather than an in-specie transfer.

Mr J sent Vanguard requests for an update on 6 September 2023 and 11 September 2023 as he hadn't heard anything further.

Vanguard acknowledged receipt of the transfer form on its systems on 12 September 2023 and informed Mr J as such. It then made a request to sell down the assets in the investment ISA on 13 September 2023. Vanguard then told Mr J by secure message the following day that it had started the ISA transfer process, noting *"we've started working on your transfer to [transferee business]. Transfers usually take 15 to 30 working days, but can take longer"*.

Mr J complained to Vanguard, noting he believed it had received the transfer instruction earlier and he shouldn't have to wait another 30 or more days.

On 15 September 2023, Vanguard wrote to Mr J confirming the sale of the ISA stock and the respective capital value(s). On 26 September 2023, it told Mr J it had completed the cash transfer of the capital to the transferee.

Vanguard completed its reply to the complaint, issuing a final response letter dated 22 March 2024. It accepted that the complaint reply had taken too long; for this it paid Mr J £50. In respect of the substantive complaint, Vanguard said it upheld it, and paid a further £50 for the delay in processing the transfer.

Dissatisfied with Vanguard's response, Mr J lodged his complaint at this service. He explained that since Vanguard had said he could continue his complaint, he had accepted the £100 compensation. However, he explained that he believed further compensation was due for its failings.

An investigator considered the complaint, but he didn't believe it should succeed. In his view, he believed Vanguard had actioned the ISA transfer within 30 days of receipt of the required form from the transferee. And though he did understand why Vanguard had paid Mr J £50 for the delay in issuing a final response letter, he did not believe anything further ought to be done to resolve the complaint.

Mr J said he disagreed with our investigator. He issued detailed written submissions in response to the investigator. I have read these in full, though I shan't repeat them verbatim here. In summary, he said:

- He now accepts that complaint handling isn't something this service can look at.

- He had referred to other customers having similar issues with Vanguard not because he wants other cases to influence his, but to demonstrate that what happened in these circumstances was not an isolated incident.
- On that basis, excuses given by Vanguard as to why it cannot process transfers requests in a timely manner should not be taken at face value.
- The central point of the complaint is that Vanguard must have had possession of the letter before it was officially logged on 12 September 2023.
- That the letter lacks a date received stamp is Vanguard's error.
- It was a presumption by the investigator that the transferee must have resent the letter and transfer form.
- In any event, the first letter was dated by the transferee as 4 August 2023 – and it took five and a half weeks for Vanguard to confirm receipt.
- Mr J feels that rigorous scrutiny must be applied to Vanguard for an explanation as to what happened during those weeks.
- He appreciates that it was the transferee's duty to chase the matter if it didn't hear back from Vanguard within 10 working days of the transfer request; but the transferee isn't the subject of the complaint – Vanguard is.
- Overall, Mr J has been negatively affected by poor administration – and this is Vanguard's fault.
- The compensation offered by Vanguard fails to adequately reflect the inconvenience and overall impact on him, which he asserts was caused by its shortcomings.

Our investigator appreciated Mr J's further points, but he was not minded to change his view on the complaint.

Mr J said he wanted the complaint to be passed to an ombudsman. He explained that even if Vanguard received a follow up letter from the transferee, that does not absolve it of having received – but not acted upon – the original letter. This must indicate systemic failings in its administrative processes, and the likelihood has to be that the first letter was ignored.

Vanguard had nothing else to add. The complaint was then referred for review by an ombudsman.

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 been awaiting referral to an ombudsman, given the current demand for our service.

Having reviewed everything carefully, I agree with the outcome reached by our investigator – that Vanguard doesn't need to do anything further to resolve the complaint. That being said, my reasons for reaching this view are different to our investigator. Though I know this will be disappointing for Mr J, I agree with him that the overall complaint should succeed (noting it was already upheld by Vanguard), but I will not be awarding any additional compensation.

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 and 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.

On general grounds, I'd expect to see that a business moves an ISA transfer along as

quickly as is practicable in the circumstances. Each stage of a transfer may necessitate a different amount of human intervention and effort. Normally, in order to decide how long a transfer ought to have taken, I'd take into account a business's own service level agreements and any wider standards. Furthermore, industry guidance requires transfers of this type (of investment ISAs) to be completed within 30 calendar days.

From my review of the complaint, both parties agree that Vanguard ought to have processed Mr J's ISA transfer sooner overall. It is correct to say that, after the request and form had been logged on Vanguard's system, it took just 10 calendar days to sell down the assets in the ISA and send the cash value to the transferee. However, the entire transfer took around seven weeks.

Mr J makes the understandable point that the delay was caused by Vanguard failing to log receipt of the transfer form and cover letter. From the information I've seen, the first processing of the received information was on 12 September 2023. However, Vanguard – in its final response letter – says *"I agree the timeframe in which we transferred your ISA was outside Vanguard's usual standard. This was due to a delay in us processing your transfer request after it had been sent to us by your other provider"*.

It isn't clear – and there is no objective evidence to confirm either way – if the transferee reissued its letter or not, as the original was not date-stamped. However, I don't find that to be central to the complaint. This is because both parties agree and accept that the original form should likely have been processed within a reasonable time of receipt (say, one working week), which would likely have been some four weeks earlier in the second week of August 2023.

Had the form been placed onto Vanguard's system within seven days of the date of the original transferee letter of 4 August 2023, that would have been 11 August 2023 – and 30 calendar days from that date was 10 September 2023. The transfer actually completed 16 days later on 26 September 2023. This is the relevant period of delay.

Though I know Mr J feels otherwise, I believe Vanguard has identified this delay and fairly paid him compensation for its error. It sent him £50 for the excess time taken to register the ISA transfer form on its systems. This sum covers any financial loss in the window in which the funds could have been invested elsewhere – even if such a loss had occurred (and I've seen no evidence of that). This is since the eventual cash value of Mr J's ISA was £2,570, and the overall delay I've set out above amounted to some 16 calendar days, given the guidance requires that Vanguard ought to complete a transfer within 30 days overall.

As well as putting right any financial losses in a complaint (though none have been identified here) we also consider the emotional or practical impact of any errors on a complainant. In doing so, we do not fine or punish businesses; that regulatory role falls to the Financial Conduct Authority ('FCA'). It may be helpful for Mr J to review the guidance available on our website around the amounts and types of awards made in instances of upset, trouble, inconvenience and distress caused by businesses in the complaints we see at this service.

Considering the impact of the error, I believe the overall compensation paid by Vanguard of £50 is reasonable in the circumstances where Mr J wasn't able to complete his transfer within the timescale, which overran beyond the expected time by just over two weeks.

Mr J has also noted how Vanguard clearly took far longer than it should to reply to the complaint. I do realise that this was frustrating for him, where the rules set out by the FCA applying to this service give businesses eight weeks to provide complainants with a final response letter. It is disappointing that Vanguard wasn't able to comply with the time limit,

but I am not obliged to apply a penalty for it not having done so. As I noted earlier in this decision, we do not 'police' businesses or issue directions as to how a business ought to conduct its operations. This is because we do not act in the capacity of a regulator.

The recourse open to Mr J (instead of waiting longer than eight weeks for a reply) was to bring the matter to this service once the time limit had passed – and I can see that Vanguard sent Mr J a secure message at the eight week mark setting this out for him. Further, in its eventual final response letter, Vanguard recognised its service failing in issuing a delayed outcome to the complaint and it accordingly paid Mr J £50 compensation for its failing.

I am not otherwise able to look at concerns about the timeliness or the manner in which Aegon dealt with the complaint. Complaints to this service must be about specific regulated activities or any ancillary activities, including advice, carried on by a business in relation to regulated activities (such as the administration of an investment). Complaint handling is not a regulated activity in its own right and does not fall within the jurisdiction of this service.

Putting things right

I am of the view that the total compensation of £100 offered by Vanguard is fair and reasonable as resolution of Mr J's complaint, and in line with the types of award this service would make in the circumstances.

My final decision

I uphold this complaint. I note that Vanguard Asset Management has already made an offer to pay Mr J £100 to settle the complaint and I think this offer is fair in all the circumstances.

I don't believe Vanguard needs to do anything else to settle the complaint and accordingly I don't make any other direction or award.

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

Jo Storey
Ombudsman