

The complaint

Mr F complained about Forester Life Limited t/a Foresters Financial (Foresters). He said Foresters delayed opening his stocks and shares ISA. He said as he wasn't able to invest his money during this time, he incurred a loss. He said the amount he invested also dropped in value on the day it was opened by Foresters. He said he would like Foresters to compensate him for his losses.

What happened

Mr F put in an application for a stocks and shares ISA with Foresters on 12 April 2024. He transferred £5000 on this date and said Foresters acknowledged receiving the money.

Mr F said he checked online after this date and could see that Foresters had updated his application, stating that the ISA plan was in progress. He complained to Foresters about this but said he didn't receive a response.

Mr F said he called Foresters on 30 April 2024, who advised him that the ISA had not been set up. He said he was informed that it hadn't received all the information it needed. He said nobody had responded to his initial complaint or chased him for the missing information.

Mr F said he was not happy that Foresters had held his money for this period of time and didn't respond to him. He said he was unable to invest his money and so because of this had incurred a financial loss. He said he could also see that his £5000 dropped to £4884.50 on 30 April 2024, when Forester set up his ISA. He said he would like Foresters to return the amount that his money had dropped by and compensate him for his loss due to the delay in setting it up. He said he also suffered distress and inconvenience, in dealing with his complaint.

Foresters said in response that when it received Mr F's application and £5000 on 13 April 2024, his national insurance (NI) number had been omitted from the form, so it was unable to proceed with the application until it had this information.

Foresters said when Mr F called on 30 April 2024, this matter was resolved as it was able to take his NI number over the phone. It said it backdated the start date of his investment to 15 April 2024, this being the next working day after it received Mr F's application. It said the unit price of the fund he invested in, was higher on 15 April 2024, this being 1.948. It fell to 1.903 on 30 April 2024, and this was why Mr F's amount had dropped in value on the day the ISA was opened.

Foresters said it didn't uphold Mr F's complaint and that it didn't do anything wrong. It said it needed further information from him and when it received this it set up his ISA, backdating the opening to the date he would've invested his funds.

Mr F was not happy with Forester's response and referred his complaint to our service.

An investigator looked into Mr F's complaint and issued her first view. She said she wouldn't be asking Foresters to take any additional action to resolve Mr F's complaint. She said she

could see Foresters agreed Mr F sent a request for an update on 16 April 2024 and an email on 20 April 2024 asking for an update, but these were not responded to.

The investigator said Mr F would've received an automated reply stating Foresters would reply within 10 working days, and this timeframe hadn't lapsed by the time he called it on 30 April 2024 to chase matters.

The investigator said the issue regarding the missing national insurance number was then resolved and Foresters told Mr F that it would call him back the next day. She could see it tried to do this and then the following day on 2 May 2024, it did call and discussed matters with him. Foresters confirmed at this stage it had backdated the investment start to the date Foresters received the application form, which was 13 April 2024.

The investigator then explained why Mr F's plan had fallen on the day it had been set up and this was due to Foresters back dating his investment to the application date, and him buying in at a higher price on 15 April 2024, this being the next available date that it could buy units on his behalf.

The investigator said she was satisfied that Foresters had addressed all of Mr F's concerns and so she didn't uphold his complaint.

Mr F was not in agreement with the investigator's view. He said Foresters already had his details as he has a child trust fund that was already set up with it at the time. He said he noticed the unit price was less on 30 April 2024 than what was used when his ISA was set up, and this is the reason he incurred a loss. He said he was still seeking a payment for distress and inconvenience. He said he turned down an offer of £50 from Foresters on the phone on 8 May 2024.

Foresters sent a further response and this time said, after further enquiries, it could see there was an issue with its system, regarding existing customers applying for an ISA. It said it has requested a data fix to ensure its system is corrected to prevent the error from reoccurring. It said it could see Mr F was offered an ex-gratia payment of £50 but would like to increase this to £75 in full and final settlement of Mr F's complaint.

The investigator issued her second view on Mr F's complaint. She said upon further review, Foresters established that there was a bug in its system which caused the issue with Mr F's application form. She said Foresters upheld the complaint and she felt it had come to the correct outcome in doing so.

The investigator said Forester backdated the investment to the original receiving date, 13 April 24, as this was the date the funds were intended to be invested. She concluded; Mr G had not been financially impacted by Foresters error. She said she had no reasonable grounds to refund the difference in the drop in value of the fund between 15 April 2024 and 30 April 2024. She finally concluded Foresters offered £75 for the inconvenience it caused due to its error, and she felt this was fair and reasonable.

Mr F didn't agree with the investigator's view. He said his money was invested on 30 April 2024 and he should have received the price on that day.

I issued a provisional decision on this complaint on 3 March 2025. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"I can see the crux of Mr F's complaint is about the events that occurred when he put in his application to Foresters to open an ISA account and invest £5000 into one of its funds.

Mr F was an existing client and already held a child trust fund, so he was able to put in an application form online. This is what he did on 13 April 2024. Foresters initially said Mr F didn't complete the application correctly, but it has since found out that due to a glitch in its system with regards to Mr F's national insurance number, his application was not set up as it should have been.

Foresters error caused a short delay, and it wasn't until 30 April 2024, when Mr F called it, that this was all resolved. Mr F provided Foresters with his national insurance number again and the call handler manually resolved issue with the application form. It was set up that day. Mr F has complained about the delay and also about Foresters back dating his application, which caused him to incur losses. I have looked into both of these issues.

First of all, Foresters has now identified what happened, realised it caused an error and has taken responsibility for it. So, I don't need to say any more about whether Foresters made a mistake here, with regards to setting up Mr F's ISA application. This is because Foresters said it did.

What is left for me to consider and is in contention between the parties, is whether Foresters' offer to put things right is fair and reasonable or not. I am currently minded to conclude that its offer isn't, and it needs to do more. I will explain why.

In order to put things right, Foresters offered to do two things: to backdate Mr F's investment so that he received the price, at the next available opportunity after the day his application was submitted on 13 April 2024. In addition to this, it offered a payment of £75 for the distress and inconvenience it caused.

I have looked into the first part of its offer of compensation and can see that Foresters has back dated Mr F's application already: it has bought his units on 15 April 2024, this being the date that it said he would have done so, but for its mistake. It has used this date, instead of buying Mr F units on 30 April 2024, the day it resolved its mistake and opened his ISA.

By backdating Mr F's application, it has caused him to incur losses. This is because the unit price of the fund he invested in was higher on 15 April 2024, than the price on 30 April 2024 when Foresters set Mr F's ISA up. So, by not allowing Mr F to buy units on the day his ISA was set up, Foresters took action to ensure his units were more expensive, creating an immediate loss for him.

Foresters has told our service that it backdated Mr F's investment so that he wasn't financially disadvantaged. This clearly wasn't the case, and it instead took remedial action to cause Mr F losses, when it could have instead simply invested Mr F's money on 30 April 2024 and avoided this.

Foresters admitted it made a mistake here regarding the processing of Mr F's online application. If it's mistake here incurred Mr F losses, our approach normally would be that it should look to put him back in a position that he would have been in but for its mistake. Foresters, by backdating Mr F's application, carried out the second part of our approach, but it didn't consider the first part. Mr F hadn't incurred any losses on 30 April 2024, and so it didn't need to carry out any remedial action here. It just needed to set up Mr F's ISA and invest his money into the fund of his choice on 30 April 2024. Instead, it incurred losses for Mr F by taking the action it did, and I currently think it was not fair of it to do this. So, I think it needs to put things right here, and undo the remedial action it took.

I also don't think it has offered enough for the distress and inconvenience it has caused Mr F, considering that it was its error that caused this to begin with. Foresters didn't identify until much later on that it was it, that had caused Mr F's application to fail. It has also added to his distress when taking action to try and resolve matters. I don't think that £75 is a fair reflection of the distress and inconvenience it has caused here, and think a fairer amount is £200."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision.

Foresters responded on 6 March 2025 and said, if an error occurs, it will always put the customer back in the position they would have been in, had the error not occurred.

Foresters explained again why it bought units for Mr F using the price of the fund on 15 April 2024, because this would have been the date Mr F's money would have been invested but for its error – regardless of the unit price falling.

Foresters said it didn't agree with my view, but it was eager to have this complaint resolved, so it would agree to pay the difference to Mr F, that the units fell by, on the day it carried out the remedial action, this being £115.50. It said it would also offer £200 compensation.

Mr F responded on 14 March 2025 and said he accepted my 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.

Foresters has been clear in its response to the findings I gave in my provisional decision: it will always put the customer back in the position they would have been in, had the error not occurred. And in many circumstances, I agree, that would be the right thing to do. But, for the reasons I have provided in my provisional decision, in the circumstances of Mr F's complaint, it was not fair or reasonable for it to do this.

As I have already explained, it took action to put things right regarding mistakes it made, but instead its actions made matters worse for Mr F. This clearly wasn't the right thing for Foresters to do.

If a customer has lost out as a result of a mistake made by a business, then our approach at the Financial Ombudsman Service would in most circumstances, for the business to put the customer back in a position they would have been in but for its mistakes. I explained in my provisional decision, that Foresters carried out the second part, but didn't consider the first. Mr F hadn't lost out by its mistakes at the time Foresters took remedial action. So, Foresters didn't need to take any remedial action. By doing so, it made a further mistake, and so it needs to put this right and reverse what it has done.

Foresters said, in response to my provisional decision, that it would pay £115.50, this being the amount Mr F's fund dropped on 30 April 2024, when it unfairly took the action it did. I appreciate Foresters is now seeking to resolve matters, but its offer doesn't fairly put things right. This is because Mr F would have benefited from any investment gains

from the additional units he would have received, if Foresters had invested his funds on 30 April 2024, rather than do so earlier.

So, I don't think Foresters revised offer is fair and reasonable either. Foresters should instead put things right as I described in my provisional decision, and I will repeat what this is below.

Putting things right

I don't think Foresters has been fair to Mr F in the way it has tried to put things right up to now. I think a fairer resolution in all the circumstances of Mr F's complaint would be for Foresters to:

- Calculate the amount of units Mr F would have received if it had purchased them on 30 April 2024. Subtract these from the amount of units Mr F did receive, when it backdated his investment. Forester should buy the difference in units between these two amounts and add them to his account.
- Pay Mr F £200 for the distress and inconvenience it has caused him for the reasons I have given above.

My final decision

My final decision is that I uphold Mr F's complaint about Forester Life Limited T/A Foresters Financial. I direct Forester Life Limited T/A Foresters Financial to put things right as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 April 2025.

Mark Richardson
Ombudsman