

## **The complaint**

Mrs K complains that Threadneedle Investment Services Limited, trading as Columbia Threadneedle Investments ('Columbia'), failed to follow her wishes prior to a fund closure.

Mrs K would now like Columbia to recompense her for the funds she believes her monies should've been invested in and make a payment to her for the inconvenience that they've caused her.

## **What happened**

On 11 December 2023, Columbia wrote to Mrs K explaining that they were closing both the Threadneedle American Extended Alpha Fund along with the Threadneedle UK Extended Alpha Fund that she held in her investment ISA. They went on to explain that she needed to act before 26 January 2024 otherwise her holdings would be sold down, and the monies returned to her.

On 28 December 2023, Mrs K telephoned Columbia's helpline to switch her monies out of the Threadneedle American Extended Alpha Fund and into both the Threadneedle Global Focus Fund Z and the Threadneedle Global Extended Alpha Z Acc fund.

As Columbia didn't receive an instruction from Mrs K about her investment within the Threadneedle UK Extended Alpha Fund, Columbia sold that investment at the deadline point and returned the monies (£2,432) to her bank account.

Shortly afterwards, Mrs K decided to formally complain to Columbia. In summary, she said that she was unhappy Columbia hadn't also sold and reinvested the Threadneedle UK Extended Alpha Fund as they had done with the Threadneedle American Extended Alpha Fund.

After reviewing Mrs K's complaint, Columbia concluded they were satisfied they'd done nothing wrong. They also said, in summary, that having listened to the telephone call that Mrs K made to their helpline on 28 December 2023, they were satisfied that she'd only given instructions to them about what she wanted to do with the Threadneedle American Extended Alpha Fund and not the Threadneedle UK Extended Alpha Fund. Columbia therefore concluded that they'd actioned her original instruction as she'd set out to them.

After receiving Columbia's response, Mrs K contacted their complaints team to discuss the outcome letter further. After re-reviewing matters and in an attempt to find a suitable resolution, Columbia offered Mrs K the option of having her monies reinstated that were removed from the ISA following the fund closure. Mrs K, however, explained that she no longer had those monies available so wasn't in a position to return that balance to Columbia for them to rewind the transaction and reinstate the ISA. Mrs K also explained that she estimated the impact of the fund being sold rather than switched had cost her around £700 and it was that amount she wanted Columbia to recompense her for. After further consideration, Columbia explained that if Mrs K wasn't able to return the monies to have

them reinstated within the ISA, they were happy to offer her an ex-gratia payment of £150. In conclusion, Columbia felt that their call handler could have asked additional questions of Mrs K during their conversation on 28 December 2023.

Mrs K was unhappy with Columbia's response, so she referred her complaint to this service. In summary, she said that she didn't think Columbia had acted reasonably and when they'd taken her call, they should've also prompted her to provide instructions for the second fund. Mrs K said that Columbia had since recognised that there were opportunities in the call that had been undertaken to bring this to her attention but, as she no longer had the monies, she wasn't in a position to return them for Columbia to put things right for her. To resolve matters, Mrs K wanted Columbia to pay her the growth that she'd not benefited from; Mrs K stated that she'd calculated this amounted to be between £700 and £800.

The complaint was then considered by one of our Investigators. He concluded that the steps Columbia had already set out to put things right for Mrs K were fair and reasonable. Mrs K, however, disagreed with our Investigator's findings. In summary, she said that our Investigator had failed to address the fact that due to Columbia's call handler not completing her request fully, this led to the loss of an ISA holding. Mrs K went on to say that had the error not happened, she would have been better off, and it would have been her decision if she wished to stay in the ISA or sell it.

Our Investigator was not persuaded to change his view as he didn't believe Mrs K had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Mrs K then asked the Investigator to pass the case to an Ombudsman for a decision.

After carefully considering the complaint, I wrote to both parties explaining that I was issuing a provisional decision on this case as I was minded to reach a different outcome to that of our Investigator and as such, I was planning on upholding the consumer's complaint. The provisional decision aimed to give both Mrs K and Columbia the opportunity to provide any further evidence that they wished for me to consider before I reached a final decision.

#### What I said in my provisional decision:

I have summarised this complaint in less detail than Mrs K has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mrs K and Columbia in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm upholding Mrs K's complaint - I'll explain why below.

Before I do, I should explain that I'm not going to comment on whether Columbia were right to uphold Mrs K's complaint – they've already conceded that in their opinion, their messaging could've been clearer and they've taken steps to try and put things right for her. So, my decision will only focus on the redress approach that Columbia have set out to resolve matters and whether that's fair and reasonable in the circumstances.

Using financial services won't always be hassle free and sometimes mistakes happen. And, it seems in this instance, having re-reviewed their interactions with Mrs K, Columbia have concluded that their communications with her could've been clearer. When mistakes occur, we'd typically expect the business to put the consumer back in to the same, or as close to the same, position that they would've been in were it not for the error. And, in this instance, it seems to me that Columbia have offered to do just that. They've explained to Mrs K that they'd be happy to rewind the ISA sale and reinstate her monies in her plan, ensuring that she wasn't financially disadvantaged. However, following a family bereavement, Mrs K states that she had to use those funds, so isn't now in a position to return the monies to Columbia. Despite this, Mrs K wants Columbia to recompense her for the lost investment growth that she believes she would've earned on those monies had the switch taken place when it should have. But, Columbia have refused and offered an ex-gratia payment of £150 instead.

However, having thought carefully about matters, I do think there is some middle ground. Had Columbia prompted Mrs K that she needed to switch out of the Threadneedle UK Extended Alpha Fund when she spoke to their helpline operative on 28 December 2023, her monies would've been moved into the Threadneedle Global Focus Fund Z and the Threadneedle Global Extended Alpha Z Acc fund at that point.

From what I've seen, Columbia liquidated the monies within Mrs K's Threadneedle UK Extended Alpha Fund holding on 26 January 2024 and she received the proceeds on 31 January 2024. I contacted Mrs K to understand at what point she used the monies that she received from Columbia following the fund sale; she explained that the funds were initially used on 6 February 2024.

Mrs K didn't proactively opt to withdraw the monies from her ISA and arguably, were it not for Columbia's error, I think it's reasonable to conclude funds that those funds would have stayed invested for a period of time until they were needed. Columbia's offer to re-wind the transaction only came some four months after they'd encashed her fund, by which point, Mrs K had had to use the funds for wider family priorities.

However, I'm not going to ask Columbia to pay Mrs K the £700 to £800 she's asked for because it seems to me that whilst the monies weren't in the ISA, she's then had the use of those funds in the interim for other priorities. Whilst the monies may have been in the ISA and in the new funds for a short period of time prior to being needed (had the fund switch taken place), given Mrs K had to use them for family matters (from February 2024), they were ultimately spent. I believe therefore it's reasonable for me to conclude that Mrs K would have taken the monies out of the ISA around that point to assist with her budgeting, therefore I don't think it's reasonable for Columbia to pay investment growth into April 2024, which is well after the monies were spent.

However, I am of the view that Mrs K is ultimately entitled to any fund growth that she would have received had the fund switch taken place when it should have (to the point that she started spending the money). I therefore require Columbia to undertake a comparison calculation to determine what investment growth, if any, Mrs K would've received had the Threadneedle UK Extended Alpha Fund been switched on 28 December 2023 when she called their helpline. I need to determine an end date for Columbia to work the comparison calculation to and I'm satisfied that the date of 5 February 2024 is fair and reasonable in the circumstances because it's from the following day (6 February 2024) that Mrs K started spending the monies.

I'm of the view that this approach strikes a pragmatic balance in being fair to both parties in recognising that Columbia should have undertaken the fund switch, Mrs K could've (potentially) benefited from some fund growth but at the same time taking account of the

fact that the monies were eventually spent and she's no longer in a position to return them for the transaction to be re-wound. As we're now working to a different timeline, I'm satisfied that this approach is fair and reasonable in all of the specific circumstances of this individual case.

## **Putting things right**

### Lost investment growth

- Columbia should undertake a comparison of what Mrs K's monies would've earned had they been switched to the correct funds when she called their helpline on 28 December 2023 – so, that would be the starting point for their loss calculation.
- The end point for the calculation is 5 February 2024, the day before Mrs K started spending the proceeds from the Threadneedle UK Extended Alpha Fund.
- In their calculation, Columbia should assume that when switching out of the Threadneedle UK Extended Alpha Fund and into Threadneedle Global Focus Fund Z and the Threadneedle Global Extended Alpha Z Acc, the same percentage split is used between those two funds that Mrs K attributed her monies to when switching out of the Threadneedle American Extended Alpha Fund.
- Columbia should then compare that to what Mrs K actually earned by leaving her monies in the Threadneedle UK Extended Alpha Fund (what they paid out on 26 January 2024).
- If the comparison shows that Mrs K would have been better off by switching, she has lost out financially, and Columbia should pay that difference to her.
- Columbia should add 8% interest simple per annum, on any loss owed to the date of settlement.
- Columbia may deduct income tax from any interest payment before sending it to Mrs K if required to do so under HMRC rules.
- Columbia should provide details of their calculation to Mrs K in a format that is simple and easy to understand.

### Trouble and upset

Within Columbia's complaint resolution letter, they've stated that as Mrs K wasn't able to return the monies to them, they'd offer an ex-gratia payment of £150 instead. However, I think at this point it's important to make a distinction between payments for financial redress (so, those that are aimed at putting the consumer back into the same position were it not for the original mistake), and those for trouble and upset. And, it seems to me that the £150 blurs the lines between the two.

The chain of events that I've set out above have caused a degree of hassle for Mrs K that she's had to take time out of her schedule to try and resolve, so I'm of the view that Columbia should make a separate payment to her for the trouble caused.

Having given careful thought to the £150 that Columbia have offered to Mrs K, I'm satisfied that it's in line with what I would've awarded for the inconvenience caused in the circumstances. So, my decision is that Columbia should also pay Mrs K £150 for the trouble and upset caused if they've not already done so.

### Responses to my provisional decision

After reviewing my provisional decision, Mrs K responded stating that she didn't agree with the outcome. In summary, she said:

- The instruction for her investment within the Threadneedle UK Extended Alpha Fund was given during the call on 28 December 2023.
- It was Columbia that had contacted her after they'd re-visited the complaint and found that they'd made an error. Columbia advised that she could return the monies and be put back in the same position, which she explained that she would not be able to do as she'd spent the monies after being informed by them that they'd made no error. The decision to spend the monies was based on incorrect information given by Columbia.
- The call handler took so long in placing the deal that it went over the day's cut-off time. And, even after asking the call handler to place the monies into the new funds, she failed to action this.
- The £700/£800 referred to in the complaint submission is not a figure that she'd plucked out of thin air, but taken from the unit price of just one of the funds and the growth in the last few months.
- The redress should be calculated from 28 December 2023 to date with the highest fund price from both funds. As the instruction was not completed correctly due to Columbia, she was put in the position of the monies being sold, which then led her to spend the monies so she couldn't be put back into the position that she should've been. This meant that when she'd spent the monies is irrelevant because this is based on Columbia's mistake as she would not have spent the monies had they acted correctly.
- When looking at her losses, Columbia needs to put her back into the same position were it not for the original mistake. So, had they actioned the switch like she'd requested, she would still be invested in those funds and therefore it's only fair that she's compensated for the growth she has lost out on to date as a result.
- She expects the best price of the funds from 28 December 2023 to date to be paid along with the 8% interest payment.
- Whilst Columbia has already paid the £150 ex-gratia payment, she doesn't feel this is a just payment for both the inconvenience and length of time taken to deal with this matter. Having to go "back and forth" with both Columbia and this service to clarify information has taken an ample amount of her time which need not have happened if Columbia had acted correctly both at the point of the switch and when the initial complaint was made.

Having considered my provisional decision, Columbia said that they agreed with the outcome.

### **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.

Whether Mrs K told Columbia on her call to them on 28 December 2023 that she wanted both funds rather than just one switching is actually largely immaterial. That's because, as I've already explained in my provisional decision, Columbia have already conceded that in their opinion, their messaging around the fund switches could've been clearer. So, my decision only focuses on the redress approach that Columbia have set out to resolve matters and whether that's fair and reasonable in the circumstances.

Rather than the end point for the loss calculation being 5 February 2024, Mrs K says the redress should be calculated from 28 December 2023 to date, with the highest fund price from both funds awarded to her. However, I don't agree and that's because whilst I do think Columbia should look to recompense Mrs K for *some* of the lost investment growth, I can't sanction an open-ended liability, that simply wouldn't be fair or reasonable.

Whilst Columbia haven't been able to put Mrs K back into the same position that she would've been in were it not for the error – that's not entirely their fault. That's because Mrs K has spent those monies, but she says she wouldn't have done had the fund switch been undertaken correctly. However, I can't overlook the fact that the monies were spent, so it wouldn't be appropriate to ask Columbia to pay Mrs K compensation on monies that weren't ever invested with them because as I've already explained above, given Mrs K had to use them for family matters (from February 2024), they were ultimately spent. I still believe therefore that it's reasonable for me to conclude that it's more likely than not that Mrs K would have taken the monies out of the ISA around that point to assist with her budgeting anyway. It's for that reason that I don't believe she's entitled to any investment growth on the monies after this point.

Given the passage of time and chain of events that have occurred since the error, we're now working to a different timeline, so I'm satisfied that the approach (to how the potential investment loss) that I set out in my provisional decision above, is fair and reasonable in all of the specific circumstances of this individual case.

Mrs K is of the view that the £150 I've awarded for the trouble caused doesn't fairly take account of the inconvenience that she's suffered. There's no doubt the chain of events has caused some disruption to Mrs K; she's had to speak to and email Columbia on a number of occasions about the matter and I'm mindful that this has been against the backdrop of a recent family bereavement. But, having considered the chain of events again, I'm satisfied that the £150 I set out in my provisional decision is fair in the circumstances as an award at this level acknowledges the fact that there has been some degree of disappointment, frustration and effort on her part to put matters right. Details of the awards we make for trouble and upset can be found on our website.

As I've not been presented with any new evidence that's made me change my mind, it therefore follows that I've reached the same conclusion for the same reasons that I set out above in my provisional decision.

### **My final decision**

I'm upholding Mrs K's complaint, and I require Threadneedle Investment Services Limited, trading as Columbia Threadneedle Investments, to put things right for her in the manner that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 27 May 2025.

Simon Fox  
**Ombudsman**