

The complaint

Mr M complains about the transfer of his stocks and shares Individual Savings Account (ISA) by his former provider Virgin Money Unit Trust Managers Limited (Virgin Money) to his new ISA provider.

He complains that Virgin Money delayed his transfer and caused him a financial loss. He says if the transfer had taken place sooner, he would have been able to buy more units in the investment with his new provider.

Mr M also says Virgin Money didn't use the correct dates when it carried out the loss calculation and it took too long to provide him with the loss calculation and compensation.

What happened

Mr M applied to transfer his Stocks and Shares ISA to a new provider. His request was received by Virgin Money on 10 July 2024.

Virgin Money sold his holdings on 2 August 2024 and transferred his ISA on 28 August 2024.

Mr M purchased units within his new ISA on 2 September 2024.

Mr M complained to Virgin Money about the time it had taken to transfer his request. Virgin Money responded to his complaint in October 2024. It accepted it had taken too long to transfer his ISA. It said his holdings should have been sold on 11 July 2024, and that it would carry out a best pricing assessment to confirm the impact of the delay.

Virgin Money said it would carry out a calculation to assess the impact on the new investments Mr M had purchased and it would need the contract notes issued by his new provider confirming the details of the new investment in order to carry out that calculation. Virgin Money also said it was crediting Mr M's bank account with £75 for the distress and inconvenience it had caused.

Mr M responded and questioned the basis of the calculation. He said he hadn't expected to be able to reinvest on 11 July 2024 and his investment decisions had been impacted by the delay. He said his concern had been the gap between the sale of his holdings on 2 August 2024 and the transfer on 28 August 2024. So, he said Virgin Money should compare the value of his holding on 2 August 2024 with what it would have been on 28 August (or the day before if the sale would have taken place the day before transfer).

Virgin Money then clarified its response and said that while it had 30 days to complete an ISA transfer, in most instances it could be completed more quickly. It said having received the request on 10 July 2024, the earliest it could have sold Mr M's shares was 11 July 2024 and it could have issued payment on 18 July 2024 so that his new provider could have invested the funds the next business day; 19 July 2024.

It acknowledged that it couldn't know what Mr M would have done if the delays hadn't occurred, but it said the most reasonable approach was to assume he would have invested in the same way he did.

Mr M responded and said that on Friday 30 August he been advised by his new provider that it had received the funds from his former ISA and he had given instructions to purchase units in his new investment with the purchase taking place on Monday 2 September. So, he said if his new provider had advised him on Friday 19 July that it had received the funds, his instruction would have resulted in the purchase taking place on Monday 22 July 2024. So, he said that was the relevant date for comparison of the units and he set out the difference in units and asked Virgin Money to transfer sufficient funds to purchase those additional units. Mr M also enclosed a copy of his contract note for the new investments he made on 2 September 2024.

In December 2024 Virgin Money sent a letter to Mr M indicating it was looking into his complaint.

In January 2025 Mr M wrote to Virgin Money chasing up the resolution of his complaint.

In February 2025 Mr M referred his complaint to our service.

At the beginning of March 2025, Virgin Money wrote to Mr M indicating it had completed the comparison calculations to assess the impact of the delay. It said the comparison showed that Mr M had purchased fewer units because of the delay. It set out the cost of buying those additional units at that time and said it had added an additional 10% for market movement and was transferring approximately £1,517 to his new ISA. Virgin Money transferred that amount to Mr M's new ISA at around the same time.

Mr M responded to say he didn't agree with the calculation which resulted in a lower number of units than his own calculations. He asked Virgin Money to explain how it had arrived at that figure.

Virgin Money replied shortly after setting out the dates and figures it had used in the calculation. It said the funds should have been sold to cash on 11 July and the transfer should have been initiated and completed with the funds clearing in his new ISA for investment within one week – by 18 July 2024.

Mr M didn't agree with the assumed time frame and pointed out that this was different to what Virgin Money had said in its letter issued in November 2024. He also pointed out that he had had to wait for several months before the calculation was carried out and he received compensation from Virgin Money.

Our investigator considered Mr M's complaint but didn't think it should be upheld. The investigator noted that Virgin Money had accepted there had been an unnecessary delay to the transfer and that the holdings should have been sold on 11 July 2024.

The investigator said she didn't know what would have happened, if the transfer hadn't been delayed, so she would expect Virgin Money to carry out its calculations using reasonable assumptions.

The investigator noted that the explanation provided to Mr M by Virgin Money in November 2024 about the timeframe it would use to carry out calculations was not as detailed as it could have been. She also noted that Virgin Money had subsequently made a change to the date it used as the earliest date Mr M's new provider could have invested the funds, from 19 July 2024 to 18 July 2024, when it carried out the loss calculation. So, it had assumed the cash was received and invested five working days after the sale should have taken place on

11 July 2024. However, the investigator was satisfied on balance that Virgin Money had made the amendment as a result of guidance it had received from our service on similar cases. So, she didn't think the approach or formula Virgin Money had used was incorrect or that it used unreasonable assumptions.

The investigator also noted that Mr M had raised concerns about the way his complaint had been handled by Virgin Money; namely he said there had been a lack of response to correspondence and it had taken Virgin Money too long to pay compensation. The investigator explained that these issues were complaint handling issues. She said our service could only look into regulated activities and complaint handling was not a regulated activity, so we weren't able to consider those matters.

The investigator said the substance of Mr M's complaint was the time it had taken to transfer his ISA and so we could award compensation for distress and inconvenience in respect of the transfer of the ISA. She was satisfied that Virgin Money had reached the correct outcome when addressing Mr M's complaint, as it had acknowledged it made errors during the transfer process and compensated him to ensure Mr M was put back in the position he would have been in if no errors had been made. So, she thought that Virgin Money had compensated Mr M fairly for the ISA transfer delay.

Mr M didn't agree with the investigator's conclusions. He said in summary that this was an artificial distinction. He said his ISA transfer was not effectively completed until March 2025, when Virgin Money paid him the final amount it said put him in the position he should have been in if it had processed his transfer correctly.

Mr M said Virgin Money had paid him £75 for the distress and inconvenience up to October 2024 but he said that distress and inconvenience continued for a further five months until he said Virgin Money considered it had completed the process to transfer the value of his funds in his ISA to his new provider.

Mr M said that the investigator appeared to be saying that as long as a business responded to the complaint, it could take as long as it wanted to deal with that complaint. He said Virgin Money had not responded to him for three months and had caused additional distress and inconvenience as a result.

Mr M said this was inequitable and contrary to guidance on our website which said: *"We will make an award if we feel your customer faced obstacles or difficulties that could have been avoided if you'd handled things differently"* and where *"they had to spend more time and effort sorting this out than it should have needed."*

Mr M also reiterated that the ISA transfer wasn't effectively completed until March 2025, and he was therefore seeking compensation for that additional period of delay.

As no agreement could be reached Mr M's complaint was referred to me for review.

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.

To recap Mr M has complained about the delay to the transfer of his ISA and the financial and non-financial impact of that delay.

Virgin Money accepted that it took too long to transfer Mr M's ISA as it received his completed instruction on 10 July 2024 and his holdings weren't sold until early August, with the proceeds of the sale not being transferred to his new ISA provider until late August 2024.

The financial impact of that delay is any difference in value between the value of his former holdings when sold and the value when they reasonably should have been sold, together with the difference in unit price at the time Mr M should have reasonably purchased his new investment compared to the unit price he actually paid. The issue being whether Mr M would have been able to purchase additional units and therefore whether he has sustained a financial loss as a result of the delay.

The non-financial impact is the distress and inconvenience, if any, Virgin Money has caused Mr M by delaying the transfer of his ISA.

Period of delay

Virgin Money has said that Mr M's holdings should have been sold on 11 July 2024 with the transfer then taking place so that he could purchase his new investments on 18 July 2024.

I have to consider therefore whether the time period it has identified is correct and uses reasonable assumptions, as I can't now say when the transfer would have taken place if the delay hadn't occurred. I can however determine when it reasonably should have taken place.

Mr M has pointed out that the response he initially received from Virgin Money regarding the delay gave a different date of 19 July 2024 as the date when the funds should have been received by his new provider. He says that if the funds had been received by his new provider on 19 July 2024, the date of purchase of units in his new investment would have been 22 July 2024, and he bases this on what happened when the delayed transfer took place. So, Mr M says that is the relevant date for comparison of unit prices.

Virgin Money has said that the earliest it could have sold the holdings was 11 July 2024, the day after it received the completed instruction from Mr M and I consider that to be a reasonable assumption.

However, the date in issue is when the new investments should reasonably have been made, if there hadn't been a delay. Virgin Money originally made the assumption that having concluded the holdings in Mr M's former ISA should have been sold on 11 July 2024, the units in the new investment should reasonably have been purchased on 19 July 2024, which was five working days after the settlement of the holdings on 12 July 2024. So, I think the initial assumption it made was different from Mr M's position that the new investments would have been made on 22 July 2024.

However, when Virgin Money carried out the loss calculation in March 2025, it used a different assumed purchase date of 18 July 2024. Unfortunately, it didn't explain that to Mr M when it sent him the results of its loss calculation, it merely gave him the difference in units and the price difference. Mr M didn't agree with the figure because he had carried out his own calculation using the unit price on what he said was the correct assumed purchase date of 22 July 2024.

Virgin Money then explained the dates it had used to Mr M in response to his query and it has since said it had changed the date slightly because it had received guidance from our service on other cases regarding reasonable assumptions. So, it had reduced the timeframe by one day.

Mr M points out that this change works to Virgin Money's advantage as he would have been able to purchase more units on the later date.

I think it is important to note here that our service, and the regulator, expects financial businesses to carry out ISA transfers promptly and without any unnecessary delays. It may be that on some occasions a delay puts the account holder in a more advantageous position if the value of their existing investment increases, or the unit price of their new investment decreases (or both) however the general position is that it is in the account holder's interest that once there is a completed instruction to transfer and any requirements are met, that that transfer is carried out promptly.

So, I don't think it is unreasonable for Virgin Money to have used an assumption which is a slightly shorter time period, which it has explained is five working days from the sale of the holdings in the former ISA to the purchase of units in the new investment, provided this is applied consistently. I don't think Virgin Money has acted in an arbitrary way on Mr M's complaint to secure a financial advantage; I am satisfied on balance that it responded to guidance aimed at making reasonable assumptions on what should have happened based on ISA providers acting promptly and keeping delays to a minimum. And I consider the difference here is only one day from what Virgin Money previously said.

Reasonable assumptions are just that, because we can't definitely say what would have happened if Virgin Money hadn't encountered the system issues that delayed this transfer. What we *can* do is make a reasonable assumption about how promptly the transfer could have reasonably happened if that issue hadn't occurred.

I also note that Virgin Money added an additional 10% on the sum it transferred to allow for potential changes in unit prices before Mr M was able to purchase the additional units. So, I consider that overall, it acted in a fair way to try and ensure Mr M wasn't financially disadvantaged. I don't think the fact Mr M could have bought additional units if a later assumed date had been used instead, demonstrates that the compensation paid to him by Virgin Money in March 2025 was incorrect or unfair.

Overall, I don't think Virgin Money has acted incorrectly or treated Mr M unfairly, and it has paid that compensation to Mr M, so I won't be asking it to do anything further.

Time taken to pay compensation and lack of communication after November 2024

Mr M has pointed out that after sending his letter in November 2024 he heard very little from Virgin Money until March 2025, shortly after he brought his complaint to our service. He complains that it took Virgin Money too long to pay him compensation.

It is unclear why, having submitted his contract note in November 2024, it wasn't until March 2025 that Mr M received his compensation from Virgin Money for the financial loss caused by the delay. It may be that that part of its business was under particular pressure at that time, but in any event, I agree with the investigator that that is an issue of complaint handling which is not something that falls within our remit.

The transfer of the ISA is a regulated activity that I can consider as it concerns the provision

of a financial service. So, I can consider whether Virgin Money carried out the transfer correctly, part of which may be the communication around the transfer, and how long the ISA transfer took. And if I consider that it took too long, as is the case with Mr M's transfer, I can also consider what compensation, if any, Virgin Money should pay Mr M which would reasonably put him back in the position as if the delay hadn't occurred. So, if I didn't agree with the way Virgin Money had carried out its calculations and the assumptions it had made, I could determine that it should pay compensation on a different basis. However, in Mr M's case I am satisfied on balance that Virgin Money has calculated the compensation correctly using reasonable assumptions.

I can also consider whether that delay caused Mr M any distress and inconvenience. I think having to chase up the transfer would have been inconvenient. I note that Mr M has said he wasn't expecting his holdings to be sold straight away, and it wasn't until August that he began to be concerned and contacted Virgin Money.

Virgin Money paid compensation of £75 for the distress and inconvenience caused to Mr M. I note that it accepted its error at an early stage. Mr M has said this payment only related to the inconvenience up to that point. However, I consider that Virgin Money would have been aware at that stage that it still needed to carry out a calculation to determine any financial loss and that issue had yet to be resolved. I am satisfied on balance that £75 is fair and reasonable for the distress and inconvenience caused by the delay of his ISA transfer noting the acceptance of the error and the confirmation that compensation would be paid if there was a financial loss caused by any difference in the value of the holdings sold and the purchase price of the new investments.

Mr M says Virgin Money should pay additional compensation for distress and inconvenience because Virgin Money didn't pay his compensation for several months and it didn't send him any meaningful updates between November 2024 and March 2025. He doesn't agree that there is a distinction between those activities and the subject of the complaint. Mr M also says that the transfer wasn't effectively completed (according to Virgin Money) until March 2025 when the additional funds were transferred to his new ISA.

I note that Mr M has quoted a section from our website which talks about our approach to compensation for distress and inconvenience and refers to customers who faced "obstacles or difficulties that could have been avoided if the business had handled things differently" and where "they had to spend more time and effort sorting this out than it should have needed."

I consider that is talking about the time and effort taken to resolve the issue that is the subject of the complaint – so here that would be the ISA transfer. For instance, we would take into account how much time and effort a consumer had to spend in order to chase up the transfer going through when determining how much inconvenience the business caused them.

I note in the section Mr M has referred to, it talks about a customer who "had to contact you repeatedly to get something quite basic sorted out. For example, their address wasn't updated when it should have been. They have not lost any money, but they had to spend more time and effort sorting this out than it should have needed." So, in that example the administration of their financial product or service – i.e. changing their address was the subject of the complaint.

I appreciate that Mr M considers the difference between the substantive complaint and complaint handling to be an artificial distinction. From his point of view, Virgin Money delayed his transfer and then took several months to pay him compensation. So, in practical terms he is looking at the impact of Virgin Money's actions as a whole.

The difficulty I have with that approach is that I can't determine and award compensation for matters that are not within my remit. The handling of the complaint *can* be part and parcel of resolving the issue that is subject to the complaint - so for instance if a consumer is asking for information about their investment and it isn't provided by the business when it should have been and then once a complaint is made, it still isn't provided by the business. That can be part and parcel of the original complaint about not providing the information requested. However, here I consider the matters raised by Mr M – in summary that Virgin Money didn't keep him updated about what it was doing to resolve his complaint and that it didn't pay his compensation promptly - arise as a result of the complaint process not the ISA transfer, albeit the original complaint is about the ISA transfer. So, I consider those matters are about complaint handling alone and don't fall within our remit.

Mr M also says that I should award additional compensation because his ISA transfer wasn't completed until March 2025 and he says this is recognised by Virgin Money as it transferred the additional monies from his old ISA to his new ISA at that time.

I don't agree with Mr M's interpretation of Virgin Money's actions with regards to the payment of his compensation to his new ISA in March 2025. An ISA is a tax-efficient wrapper and so if Virgin Money had simply paid Mr M his compensation for financial loss directly, he would have lost the benefit of that wrapper. It transferred the money to his new ISA because it was compensation to pay for units he would have had in his new ISA but for the delay and so he wouldn't lose the benefit of having those additional units within the wrapper. But I don't think that can be reasonably interpreted as being part of the original ISA transfer, which I consider took place in August 2024. I note Mr M has explained that he received an end of year statement in December 2024 in respect of his old ISA, however I don't consider it unreasonable for Virgin Money to have not closed that account knowing that it was likely that compensation would be paid to Mr M.

So, I am satisfied on balance that the compensation paid by Virgin Money to Mr M for distress and inconvenience caused by the delay in transferring his ISA is fair and reasonable in the circumstances.

My final decision

My final decision is I don't uphold Mr M's complaint against Virgin Money Unit Trust Managers Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 November 2025.

Julia Chittenden

Ombudsman