

The complaint

Mr G complains that Vanguard Asset Management Limited took far too long to tell him that they were unable to accept a partial cash ISA transfer into his investment ISA with them.

Mr G would now like Vanguard to recompense him for the financial impact that he says the delay had on him.

What happened

On 26 April 2024, Mr G requested a partial cash ISA transfer from his account at a building society, that I shall call 'L', to his investment ISA at Vanguard. Following this, on 16 May 2024, he requested a further cash ISA transfer to Vanguard from Building Society L. Vanguard then cancelled both transfers on 4 June 2024 as they were unable to accept partial cash transfers.

Mr G immediately initiated a transfer of his monies to a new investment account with a platform provider that I shall call 'A', who would allow partial transfers. Once the partial transfer from Building Society L to Platform A was completed, Mr G then applied for a full transfer to Vanguard.

Shortly afterwards, Mr G decided to formally complain to Vanguard. In summary, he said that their failure to inform him they were unable to accept partial transfers resulted in a delay of 26 working days in getting his monies to them. Mr G explained that he wanted Vanguard to recompense him for the lost investment growth that he says he missed out on because of their failures.

After reviewing Mr G's complaint, Vanguard explained that they had caused a small delay in identifying the problem as they'd initially sent the transfer forms to the wrong email address. However, Vanguard went on to say that their team were not aware of the fact that the two partial transfers were only cash and it wasn't their team's responsibility to ascertain if Mr G's current provider dealt with only cash ISAs or not. Vanguard said that they took his transfer instructions as is, and believed at the time that there were Vanguard funds in his ISA. It was only when they received the cheque from Building Society L that the issue came to light that Mr G was trying to partially transfer a cash ISA which they couldn't accept.

In addition, Vanguard also said:

- They were offering 0.0632 units in his chosen fund as compensation which amounted to around £42 which had since been added to the investment ISA.
- In light of the inconvenience caused, they were offering him £150 to say sorry. That included £50 to cater for the delays in responding to his complaint.

Mr G was unhappy with Vanguard's response, so he referred his complaint to this service. In summary, he said that he'd lost out on 0.736 units within the fund he'd intended to purchase

because of Vanguard's actions as the unit price had increased after he'd started the process of moving his monies. Mr G said that he wanted Vanguard to recompense him for that loss and also pay him £300 for the trouble that they'd caused him. Mr G explained that because of his health condition, the inconvenience of the issue had impacted him more severely than other consumers as it had stopped him from getting on with his life.

The complaint was then considered by one of our Investigators. He concluded that from what he'd seen of the forms Mr G completed, it was clear that Vanguard couldn't accept partial cash transfers. In addition, our Investigator felt that as Vanguard had already offered to recompense Mr G for the small delay caused by emailing the forms to the incorrect email address, the steps that they'd taken to put things right for him were fair and reasonable.

Mr G, however, disagreed with our Investigator's findings and asked the Investigator to pass the case to an Ombudsman for a decision.

After carefully considering both sets of submissions, I decided to issue a provisional decision on this case as I was minded to reach a different conclusion to that of our Investigator and uphold the consumer's complaint. This window aimed to give both parties the opportunity to provide any new evidence before I reached a final decision.

What I said in my provisional decision:

I have summarised this complaint in less detail than Mr G 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 Mr G and Vanguard 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 planning on upholding Mr G's complaint - I'll explain why below.

The crux of the complaint is that Mr G tried to move part of his cash ISA pot with Building Society L to Vanguard, but it subsequently came to light that Vanguard couldn't accept a partial transfer and Mr G has lost some investment potential by being out of the market for longer than he'd have liked, because it took longer than it should have for him to be made aware of Vanguard's position on the matter.

I've looked closely at the customer journey that Mr G went through when he asked Vanguard to move part of his cash ISA to them. Vanguard aims to operate a paperless process where possible, so Mr G completed the transfer forms electronically. When a consumer is asked about their existing provider's plan, Vanguard's screens ask: *'Is this a full or a partial ISA transfer?'*. The screen then states that *'A "full" transfer will move all holdings. A "partial" transfer will move just Vanguard holdings'*. And, by selecting the 'Partial' option, the following message appears: *'Any non-Vanguard funds or cash that you hold with your current provider will not be transferred over'*.

I've also taken a look at Vanguard's website which provides answers to questions about transferring an ISA to them. Within the section '*How much you can transfer*', it states: '*Previous tax year contributions – we accept full and partial transfers. If you want to do a partial transfer, we only accept Vanguard funds*'. I'm therefore satisfied that Vanguard's website and customer journey forms are clear that partial transfers can't be accepted, unless that is, Vanguard funds are being moved.

I've seen from Vanguard's records (the timeline that they provided) that Mr G started his first transfer application at 13:41 on 26 April 2024. He answered the questions: '*Is this a full or partial ISA Transfer?*': 'Partial' and '*Do you hold any non Vanguard funds or cash within your ISA?*': 'No'. When Mr G made his second application to move more monies from his cash ISA to Vanguard on 16 May 2024 at 16:59, he answered those questions in exactly the same way. It's therefore evident that Mr G didn't answer the questions correctly because he only wanted to partially move cash. So, at both of those points, there was no reason for Vanguard to stop the transfers as based on the way that Mr G had answered the questions, they had no reason to think that he didn't meet their transfer criteria.

However, as Building Society L were unable to facilitate the transfer to Vanguard digitally, they wanted a signed application form from Mr G. And, this is where I think Vanguard missed an obvious opportunity to put the brakes on his transfer. Mr G has shared copies of the two application forms that he signed on 2 and 16 May 2024, which he says show that he wasn't asked about or warned that Vanguard couldn't accept a partial cash ISA transfer. And, whilst I agree with Mr G that the forms he shared with this service don't include that warning, I suspect that's because it's only an abbreviated version of what he'd already completed online to reach that point.

But, in any event, from what Mr G had completed on Vanguard's customer journey screens, they weren't expecting a cash ISA transfer form from him – I say that because he answered the following question as 'No': '*Do you hold any non Vanguard funds or cash within your ISA?*'. So, when they received a copy of his signed application form on 3 May 2024, a cursory comparison of what he'd completed online to the paper form would've identified that he was trying to undertake a transfer that they weren't able to facilitate. In addition, Mr G appears to have amended both forms prior to submitting them to Vanguard – the first application has a note added of "£23,000 only" in two places and the second application form has another note added that states "£980 only". And, I think it's the inclusion of an amount and more specifically, the word 'only' that should've helped Vanguard realise that this was also a partial rather than a full transfer.

In his response to our Investigator, Mr G explained that he believes Vanguard have changed their website and forms since his complaint. However, I've seen no evidence to persuade me that's the case, particularly when I've seen how Mr G answered those questions as he went through Vanguard's customer journey screens.

I'm therefore of the opinion that Vanguard needs to take the following actions to put things right for Mr G:

Putting things right

When mistakes occur, our aim is to put the consumer back into the same or as close to the same position that they would've been in were it not for the error. It's important to acknowledge that as we're working to a new timeline, my assumptions are based on what I believe, based on the facts of the case, are more likely than not to have happened had Vanguard spotted the error when they ought to have done.

The redress I'm asking Vanguard to calculate is based on the following assumptions:

1. Mr G submitted his first physical/paper application form to Vanguard after hours on 2 May 2024, so Vanguard would've received it on 3 May 2024.
2. Allowing for a further business day to pick the application form up and check it, I believe that Vanguard should have identified the error no later than 4 May 2024.
3. At that point, Mr G would've had to approach Platform A on 5 May 2024 to transfer the monies to them.
4. Once the partial transfer had been completed and the monies were at Platform A, Mr G would then be able to arrange a transfer from Platform A to Vanguard.
5. The steps in (3) and (4) will take 31 days. I say that because Mr G was told that his transfer couldn't proceed on 4 June 2024 and the transfer monies were sent to Vanguard from Platform A on 5 July 2024.
6. Had Mr G initiated the process on 5 May 2024 (as in (3) above), more likely than not this would've meant Vanguard would have received the transfer monies on 7 June 2024, so 33 days later. The addition of two days allows time for the bank transfer to be credited to Vanguard's customer money account (and replicates the actual time it took to reach Vanguard).
7. According to the statement that I've seen, Mr G made the investment into FTSE Developed World ex-UK Equity Index fund the following day after receipt of the funds from Platform A.
8. I'm of the opinion that Mr G would've enacted the second transfer (of £980) 14 days after the first transfer. I say that because there was a two-week window between the first (2 May 2024) and second (16 May 2024) transfer application forms.
9. Mr G would have therefore submitted his second transfer application to Platform A on the notional date of 19 May 2024, two weeks after his first application and Vanguard would've likely received the monies 33 days later – on 21 June 2024.

Calculation

- a) Transfer 1 – Vanguard should establish how many units in the FTSE Developed World ex-UK Equity Index Mr G would've purchased had he made the investment on 8 June 2024.
- b) Transfer 2 - Vanguard should establish how many units in the FTSE Developed World ex-UK Equity Index Mr G would've purchased had he made the second investment on 22 June 2024.
- c) Vanguard should total the two amounts (in (a) and (b)) and compare that to how many units Mr G's transfer monies actually purchased on 12 July 2024.
- d) If the calculation shows that Mr G would've been better off by investing earlier, Vanguard should then purchase the difference in units within the FTSE Developed World ex-UK Equity Index fund and add those to Mr G's ISA.
- e) In establishing the loss to Mr G, Vanguard can take account of the redress that they've already added to his ISA (of 0.0632 units), if that credit has already been made.
- f) Vanguard can also take account of any charges that Mr G would've had to pay on those

additional units in determining the loss.

Vanguard should provide details of their calculations to Mr G in an easily to follow format. I did consider whether Vanguard should combine transfers one and two into a single calculation but given Mr G undertook two transfers, I'm satisfied the above approach closely replicates what would've happened in reality and is fair and reasonable in the circumstances.

Trouble and inconvenience

Vanguard have already offered Mr G £150 to apologise. That included £50 to cater for the delays in responding to his complaint. Mr G says that when he complained to his bank recently, they awarded him £300 and as such, he's of the view that Vanguard should table a similar offer – however, I don't agree. Just because a different financial services provider has awarded a consumer a specific amount, it doesn't then follow that other providers should match that amount. Each case is considered on its own merits.

However, I am cognisant of what Mr G has told this service about the impact that the issue has had on him – he says that because of his health condition (which I'm choosing not to disclose here), it's stopped him from getting on with his life. Based on the individual facts of the case, I require Vanguard to pay to Mr G £200 for the impact the upset of the issue has caused. To be clear, the £50 that Vanguard has already offered to Mr G for the delay in responding to his complaint should not be considered as part of this element of the redress.

So, if Vanguard have already paid Mr G the £150 that they originally offered in their complaint resolution letter, they should pay him a further £100.

Responses to my provisional decision

After reviewing my provisional decision, Mr G responded explaining that he accepted the decision and had nothing further to add. Vanguard also responded and stated that whilst they weren't in full agreement with all the comments within the provisional decision, they were content to accept them in order to resolve the complaint.

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.

As neither party have submitted any new evidence, it therefore follows that I've reached the same conclusion for the same reasons that I set out above.

My final decision

I'm upholding Mr G's complaint and I require Vanguard Asset Management Limited to put things right for him in the manner that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 August 2025.

Simon Fox

Ombudsman