

The complaint

Mrs G has complained about how Vanguard Asset Management, Ltd handled her request to withdraw funds from her account.

What happened

Mrs G holds a general dealing account with Vanguard. Her husband Mr G has a similar account. In October 2024 they both decided they wanted to withdraw cash from their accounts. Mrs G requested the sale of £30,000 of one of her holdings.

On 18 October, having not received the cash from their sales, both Mr and Mrs G rang Vanguard. During this call, the Vanguard representative told Mr and Mrs G that they both had restrictions on their accounts which were preventing the cash being made available to them. Mr G was told that his restriction was in error and would be lifted so that he could receive his cash.

Mrs G was told that her account restriction appeared to relate to a power of attorney which was in place. Mrs G confirmed that she holds power of attorney for a relative who has an account with Vanguard, but said her request to withdraw cash related to her own account, and so the power of attorney would not be relevant. The representative said that the account restriction appeared to be in error, and said he would get back to Mrs G about this.

The same day, the representative emailed Mrs G stating “*the restrictions are as expected considering your Power of Attorney.*” The message went on to say that Mrs G had an outstanding fee on her account, but this would be cleared on 21 October when settlement for the recent sale instruction had been received in the account.

On 19 October Mrs G emailed Vanguard stating its response was not satisfactory. She said her withdrawal request had been for £30,000, and she questioned why Vanguard was deducting the account fee from this sum. Mrs G said that in deducting fees in this way, her account was being treated differently to Mr G's.

On 21 October Vanguard responded that Mrs G's account was set up so that fees would be paid from any cash in the account. If there was insufficient cash, Mrs G would be given six days to make payment, after which units would be sold to pay the fees. On the same day Vanguard sent to Mrs G a withdrawal amount of £29,957.31, representing the sum she'd requested minus the account fee it had deducted.

On 24 October Mr G complained to Vanguard about its actions on both his and Mrs G's accounts. He said that the two accounts had been treated differently. With regard to Mrs G's account, Mr G said that no explanation had been given about why there was a restriction on it.

Vanguard responded to the complaint about Mrs G's account on 19 December 2024. It said that it had provided incorrect information when saying the restriction on the account related to a power of attorney. Instead the restriction was in place because Vanguard was in the process of collecting the account fee. Vanguard said that when an account fee was due, it

sent a message to Mrs G to confirm how this would be taken. It confirmed that there were no longer any restrictions on the account. Vanguard said that Mrs G could change the way her fee was collected if she wanted to. It paid £50 to Mrs G to reflect inconvenience it had caused her.

Unhappy with Vanguard's response, Mrs G brought a complaint to this service. She highlighted that in response to his complaint to Vanguard, Mr G had been paid £150 to reflect inconvenience caused to him, and had had his £46.24 account fee waived. Mrs G said that the problems she'd had with Vanguard were very similar to Mr G, and she consequently questioned why she'd been offered less compensation. She said that in a call with Vanguard on 7 January 2025, its representative had agreed that she'd been treated differently to Mr G, and she understood from the call that her compensation would be increased to that received by her husband.

Mrs G asked that Vanguard apologise for treating her differently to Mr G, pay her a further £150 to equalise her compensation amount with Mr G, and pay compensation for refusing to equalise the redress amounts.

Our investigator did not consider that Vanguard needed to pay any further compensation to Mrs G. His view was that Vanguard was able to restrict an account whilst arranging the settlement of charges owed, and had acted fairly when deducting its fee from the £30,000 cash withdrawal amount placed in the account following the sale requested by Mrs G. Based on the circumstances of Mrs G's complaint, the investigator's conclusion was that the £50 compensation offered by Vanguard was not unreasonable.

On Mrs G's behalf, Mr G disagreed with the investigator's findings. He said that having requested a specific amount of money be withdrawn from her account, Mrs G should have been notified if it was not possible for her to receive that exact sum. Mr G said the terms relating to Vanguard placing restrictions on an account where fees were due had not been highlighted to Mrs G. He also commented that whilst a message had been sent about the pending fees, Vanguard had not answered he and Mrs G's queries about this, and its message had only said that there was nothing that Mrs G needed to do.

Mr G said that he was not requesting for the circumstances of his case to be compared to Mrs G's case. However he said that Vanguard had verbally promised they would be treated the same in the call on 7 January 2025. Mr G commented that the same issues had led to two account holders being treated differently. He said that the investigator had not considered the difficulties experienced in actually withdrawing the cash which had been raised in the complaint made on 24 October 2024, including Vanguard's failure to remove incorrect account restrictions. Mr G also said the general level of service provided by Vanguard had not been considered.

The investigator's view of the complaint remained the same and it was confirmed that the case would be passed 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.

At the time that Mrs G made her withdrawal request in October 2024, her account was arranged so that fees were deducted from cash in the account. In the event that there was insufficient cash in the account, the terms and conditions confirmed that the fee would be funded by selling holdings. The fees were charged quarterly, and the account statement shows that the January, April and July 2024 fees were funded by the selling of account

investments. That being the case, in my view Mrs G would reasonably have had some understanding of how the fees were covered on the account.

Mr G says that Mrs G should have been notified that she would receive less than the £30,000 she'd requested due to the deduction of fees. However, my view on balance is that because fees had previously been funded through the sale of holdings, it was reasonable for Vanguard to deduct outstanding fees from the £30,000 cash placed in the account following the requested sale without specifically informing Mrs G that this would occur.

Further to that, I note that Vanguard had issued a message to Mrs G on 11 October 2024 stating that it was going to collect the fee soon, and that this would be taken from the account balance. Vanguard had therefore explained that the account balance would be reduced by the fee that was deducted. And at the time this message was sent, the account balance was £0.01. The sale requested by Mrs G increased the balance by £30,000, but in order to collect its fee, it was necessary for Vanguard to use part of this to cover the fee. I appreciate that Mrs G would like to have received notification that the cash she would be receiving would be reduced by the fee. However overall I'm satisfied that it was reasonable for Vanguard to pay Mrs G the £30,000 sum minus the deducted fee without telling her about this deduction beforehand.

Mr G has said that Vanguard did not answer the questions he raised about how fees were deducted but I note that on 21 October 2024 it did respond to Mr G's 19 October message. He has also said that Vanguard didn't point out to Mrs G that the restriction on the account was because it was collecting its fee. Although Vanguard has accepted that it misinformed Mrs G that her account was restricted because of a power of attorney, its message to her on 18 October did confirm that she had an outstanding fee, and that on 21 October this would be cleared when the settlement of the sale for the £30,000 withdrawal request would occur.

Mr and Mrs G have said that their complaints have not been treated in the same way by Vanguard, despite the representative they spoke to on 7 January 2025 promising they would be. Vanguard accepts that its representative said its complaints team would review the compensation amounts it had offered in each case, but having done so, it was satisfied that these offers were reasonable.

As our investigator has explained, when assessing a complaint this service looks at its individual circumstances. Mr G has commented about the difficulties encountered withdrawing the cash requested, but for Mrs G the cash was withdrawn on 21 October, albeit with the quarterly fee deducted from it. Overall my view is that Mrs G received the cash (less the fee) she had requested in a reasonable timescale. Vanguard misinformed Mrs G about the restriction being the result of a power of attorney. Having considered the general level of service provided to Mrs G, taking into account awards made on cases with similar circumstances, I do not consider the offer of compensation of £50 made by Vanguard to be unreasonable.

I understand that Mrs G will be disappointed with my conclusions. However my view is that Vanguard does not need to take any further actions in relation to this complaint.

My final decision

Vanguard Asset Management, Ltd has offered £50 compensation to Mrs G to settle this complaint, and I understand this amount has already been paid to her.

I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or

reject my decision before 20 March 2026.

John Swain
Ombudsman