

The complaint

Mrs E is represented (by 'R').

She has an Individual Savings Account ('ISA') that is held on the platform provided by Cofunds Limited trading as Aegon. The investments in the ISA are conducted through an online portal and through an Independent Financial Adviser ('IFA') with access to the platform.

She seeks redress for financial loss resulting from fund switches in the ISA instructed on 22 April 2024 which could not be executed, because of a system failure in Aegon's platform on that date. Aegon does not dispute that the instruction for the fund switches was placed on this date, or that a system failure in its platform prevented its execution on this date. It has offered Mrs E £100 for the trouble the matter caused her, but the parties disagree on the approach towards redress.

What happened

Mrs E has shared evidence of the email received on 22 April (at 8.41am) confirming the fund switch instruction that was placed. There is also an email from Aegon dated 17 May 2024 saying its investigations had confirmed that the instruction (with a specific reference number) had indeed been placed on 22 April for her ISA.

Mrs E says the switch instruction (including its *switch-out* components) was re-issued on 24 April and that the switch-outs were executed on the same date.

Aegon says something different.

It says the instruction was placed "... online on 22 April 2024 to switch 44,450.95 units (the whole holding) in the Royal London Short Tm Mny Mkt Y Acs fund and 49,384.39 units (again, the whole holding) from the Fidelity Cash W Acc fund into 25% Jupiter India I Acc, 25% M&G Gbl Emerging Mkts I Acc, 25% Artemis Global Income I Acc and 25% VT Chelsea Mgd Aggr Gth A Acc funds. A system issue meant these details weren't registered on our system at 22 April 2024.", and that "A second switch was then placed on 24 April, moving funds out of different funds to the earlier request and into different fund proportions. The switch originally keyed on 22 April 2024 pulled through to our system on 23 April 2024 ..."

It says the following happened –

*"23 April – sale request and purchase request placed
23 April – disinvestment from asset — the funds were sold down and received the unit price as at 23 April, in line with our process for pre-funded switching (please see below)
24 April – acquisition of asset — the funds being purchased received the unit price at 24 April"*

Aegon has also said the following about its execution practice –

"As it can take a fund manager up to six working days to complete the sale/ purchase of a

fund, we apply pre-funding to fund sales/ purchases and switches — this means we will price a fund within two dealing points of placing the sale/ purchase/ switch request. As we have one dealing point per day, we will pre-fund using a price within two working days of receipt of the instruction (please refer to the Terms and Conditions, clause 7.10.4). Clause 7.11.3 discusses our pre- funded switching process.”

There is a contract note (or switch statement) dated 24 April 2024 that shows the switch-outs and switch-ins mentioned in the Aegon statement quoted above. The contract note says the “Application date” for the switch instruction was 23 April and that the “Trade date” for the associated switch-out transactions was also 23 April.

There is another contract note, dated 26 April 2024. Mrs E says this is the contract note for the switch instruction repeated on 24 April that had initially been given on 22 April. She says this is the contract note that is relevant to the complaint.

The contract note of 26 April says the switch-outs were from a holding in the BlackRock Gold & General D Acc fund (the ‘BlackRock fund’) and a holding in the Guinness GE Y A£ fund (the ‘Guinness fund’). These are the holdings Mrs E says were specified in the 22 April switch instruction.

The 26 April contract note says the Application date for the instruction was 24 April and that the Trade date for the associated switch-out transactions was also 24 April.

Based on the start date of 22 April, Aegon has produced redress calculations using the holdings and switch activities in the 24 April contract note.

Also using the start date of 22 April, Mrs E and R contend that the calculations should be based on the holdings and activities in the 26 April contract note. In this respect, R has presented a calculation showing the prices the holdings would have been sold at on 22 April, but for the system failure, and the prices they were sold at on 24 April, with the result being that the latter sales achieved total proceeds that are around £1,850 less than the proceeds they would have achieved from sales on 22 April.

One of our investigators looked into the complaint and concluded that it should be upheld.

She said, based on evidence she had considered, Aegon had used the wrong holdings in its calculations, that none of the fund switches in the complaint were instructed on 23 April, so those mentioned by Aegon as having been instructed on this day were unrelated to the switches instructed on 22 April – which are the switches relevant to the complaint.

She also found that, despite Aegon’s argument that the transactions can take many days to complete, there is evidence confirming that the sales in the transactions re-submitted on 24 April were executed and completed on the same date. For this reason, she was satisfied that, but for the system failure on 22 April, the sales in the original instructions would probably have been executed and completed on 22 April. The investigator proposed that Aegon should recalculate redress to Mrs E on the basis of the relevant sale prices on 22 April 2024.

Aegon disagreed with this outcome and asked for an Ombudsman’s decision.

It mainly said –

“If the request had been made on 22 April 2024 successfully, our service standard would need to be taken into account. There is a service standard of +1 for disinvestments which means the earliest switch, if placed on 22 April 2024 would have disinvested on 23 April

2024 and acquisitioned the new units on 24 April 2024. The next switch (placed 23 April 2024) would have disinvested on 24 April 2024 and acquisitioned on 26 April 2024 – for this one, it took two working days to obtain the price from the fund manager.

The price comparison was correct and used both what actually happened in obtaining fund prices with what should have happened. Therefore, [Mrs E's] wrapper would never have obtained the prices at 22 April 2024, even if there had been no system issue."

The matter was referred to 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.

Having done so, I have reached the same conclusion expressed by the investigator. Aegon's liability for its system failure on 22 April is not disputed and, as I have set out above, the disagreement between the parties is mainly on the approach towards redress.

I uphold Mrs E's complaint because, I consider that Aegon has miscalculated redress.

As summarised in the previous section, each party is describing transactions (and execution circumstances) that differ from one another, and each party claims that its description explains what happened to the 22 April instructions.

Having considered all available evidence, the contract notes for the relevant transactions appear to be the most pivotal. They support Mrs E's position. There is another area of evidence that might give her further support, but I will address the contract notes first, as I have already summarised their contents in the previous section.

R has explained to us that the 24 April contract note (and its 23 April switch-out transactions) is irrelevant to the matter, because it does not relate to the instructions given on 22 April. On balance, I consider that R is correct.

The Application date confirmed in the 24 April contract note is 23 April and the Trade date confirmed is also 23 April. This matches what Mrs E and R have said about this contract note (and its transactions) relating to a separate instruction given on 23 April (the Application date stated on the note). It also matches their description of the associated switch-outs being completed on the same day as the instruction was given.

Aegon says the instruction issued on 22 April was delayed by a day, then received on 23 April, but there is no contract note showing an Application date of 22 April. If receipt of the 22 April instruction was delayed until 23 April, it is reasonable to expect that the same system then conducted its late delivery would record its application date as '22 April'. Instead, available evidence supports the conclusion that the Application date of 23 April was recorded for the transactions because they were instructed on 23 April, not on 22 April.

Another aspect of the case that might give additional support to Mrs E's position is in a comparison between Aegon's email of 17 May and a statement of switch transactions conducted in Mrs E's ISA.

In the email, Aegon confirmed the switch reference number for the switch instruction given on 22 April. It said the switch instruction listed was "... placed our side on the 24th April, however the switches were keyed online on the 22nd April".

The reference number in the email for Mrs E's switch instruction on 22 April is "1016151".

In the statement Aegon shared with us, headed "Switch instructions received", a switch instruction on 16 April, one on 23 April and two on 24 April are listed, all with different reference numbers. The 23 April instruction's reference number mismatches the number quoted above, so the implication is that it could not have been the delayed receipt claimed by Aegon. The only match is with the reference number for the second 24 April instruction.

Unless I have misunderstood these documents, the comparison seems to say that the switch instruction initially issued on 22 April retained its reference number and the same reference number was reused when the instruction was re-issued on 24 April; and that the 23 April instruction had nothing to do with the 22 April instruction. If I have misunderstood this – for example, if the matching reference numbers happen to be a coincidence – the effect is inconsequential. I have explained separately, above, the main ground on which I consider the balance of evidence to be in support of Mrs E's position.

On 22 April the initial switch instruction for Mrs E's ISA was given; a separate and unrelated instruction was given on 23 April; the 22 April instruction appears to have been lost in Aegon's system failure on that date; it was re-issued on 24 April; Aegon accepts responsibility to redress financial loss arising from its system failure's disruption to the 22 April instruction; I am satisfied with evidence I have seen showing that Mrs E acted reasonably to mitigate the matter on 24 April after the IFA fed back, on 23 April, confirmation of the problem (which it said it had obtained from Aegon); that mitigation was the re-submission of the instructions on 24 April; so the task that remains is to ensure the correct approach to redress is applied.

Overall, on balance and for the above reasons, I consider that Aegon has applied its redress calculations to the wrong switch instruction (including the wrong *switch-out* transactions) using the wrong date, so its calculations are wrong. It follows – having used the wrong instruction and based on the corresponding switch-outs and switch-ins in the contract note – that Aegon has also applied the wrong *switch-in* transactions to its redress calculations.

On balance, I am persuaded that the correct instruction is that re-submitted on 24 April.

I have noted and considered Aegon's arguments about its terms and its standard practice with regards to the time taken to execute and complete switch-outs. However, there is evidence from the contract notes showing that switch-outs were completed on the same day as they were instructed.

I am persuaded, by the pattern depicted in the contract notes, to conclude that, but for Aegon's system failure, the switch-outs in Mrs E's 22 April instruction would probably have been executed and completed on the same day as they were instructed – 22 April – so the relevant sale prices on this date are those that should be used, in comparison to the sale prices on 24 April, in the switch-outs segment of the redress calculations.

I consider Aegon's £100 offer for the trouble caused to Mrs E to be fair. The offer does not appear to be in dispute, so I need not make any further findings on it.

Putting things right

I order Aegon to pay Mrs E £100 for the trouble caused to her by the complaint matter, unless this has already been paid to her.

In terms of redress, my aim is to put Mrs E into the position she would be in but for Aegon's platform system failure disrupting and preventing the switch instruction placed on 22 April

2024. To its credit, Aegon shares the same aim and has already conducted redress calculations in this respect. However, as I have found above, its calculations are wrong.

I order Aegon to recalculate redress to Mrs E based on the premise that the switch instruction that had to be re-submitted on 24 April was initially submitted on 22 April.

I also order Aegon to pay interest at the rate of 8% simple per year on any resulting redress amount from the date of this decision to the date of settlement if the redress amount is not paid to Mrs E within 28 days of Aegon being informed that she has accepted this decision. This is to compensate Mrs E if Aegon unduly delays in settling redress.

My final decision

I uphold Mrs E's complaint. I order Cofunds Limited trading as Aegon to carry out redress for her on the basis set out above, and to provide her with a calculation of redress in a simple and clear format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 1 December 2025.

Roy Kuku
Ombudsman