

## The complaint

Mr C holds his Self-Invested Personal Pension ('SIPP'), Individual Savings Account ('ISA') and General Investment Account ('GIA') on the platform provided by Cofunds Limited trading as Aegon. The investments in these assets are conducted through an online portal and through an Independent Financial Adviser ('IFA') with access to the platform.

Mr C seeks redress for financial loss resulting from fund switches he instructed on 22 April 2024 which could not be executed, because of a system failure in Aegon's platform on that date. Aegon accepts that instructions for the fund switches were placed on this date, and that a system failure in its platform prevented their execution on this date. It has offered Mr C £100 for the trouble this caused him, but the parties disagree on the approach towards redress.

## What happened

Mr C has shared evidence of the platform emails he received on 22 April (at 8.30am, 8.34am and 8.37am) confirming the three fund switch instructions that were placed – one each for the SIPP, ISA and GIA. There is also an email from Aegon dated 17 May 2024 saying its investigations had confirmed that three fund switch instructions (with specific reference numbers) had indeed been issued on 22 April.

He says the switch instructions (including their *switch-out* components) were re-issued on 24 April and that the switch-outs were executed on the same date.

Aegon's description is different.

Its submissions to us have included the following –

*"What we don't dispute is that [Mr C] placed fund switches on 22 April 2024 — or that a system issue meant we failed to register the switch on our records on the 22<sup>nd</sup>. However, this is where our viewpoint appears to differ from [Mr C's].*

*[Mr C] placed a further manual switch on 24 April, from different funds/proportions than he had done on 22 April. The reason we understand this second switch came from different funds in different proportions to the 22 April switch, is because this eventually pulled through to our system on 23 April."*

*"[Mr C] believes the loss calculations we carried out should be done on the basis that the switches should have been carried out two working days earlier than they were, ie he placed a switch on 24 April after placing a switch on 22 April. However, as the earlier switch did pull through on 23 April (see the Sale request and Purchase request transactions on files 4a-4c) we contended we only caused a one working day delay (22<sup>nd</sup> to 23<sup>rd</sup>).*

*Our loss calculations were also done on the basis/concession that the second switches placed on 24 April should have marked as having been placed a working day earlier too. The dates in our calculations (files 12a-12c) should back this up.*

*Another point that [Mr C] may not appreciate/be aware of is that just because a switch is placed on a specific day doesn't automatically mean the selling/buying fund will be priced on that date.*

*It can take a fund manager up to 6 working days to complete the sale/purchase of a fund. However, Aegon applies pre-funding to fund sales/purchases/switches, meaning we will price a fund within 2 dealing points of placing the fund request — we have one dealing point per day, so this effectively means we will pre-fund using a price within two working days of placing the fund request. This ties in with clause 7.11.1 of our terms and conditions, which states Aegon applies a dealing point in advance of the investment providers valuation point.”*

Mr C has shared documentation he says proves that the instructions of 23 April are distinct, separate and irrelevant to those he issued on 22 April, and irrelevant to his complaint.

He has submitted three platform emails he received on 23 April (at 9.17am, 9.22am and 9.26am) giving confirmations for the three instructions he placed on that date. He has also shared the contract notes (or switch statements) he received for the transactions conducted under each of the instructions.

There is a contract note dated 24 April 2024 that shows switch transactions in the GIA. The switch-outs listed in the document are from holdings in the Fidelity Cash W Acc GBP fund (the 'Fidelity fund') and the Royal London Short Tm Mny Mkt Y Acc fund (the 'Royal London fund'). The contract note says the "Application date" for the switch instruction was 23 April and that the "Trade date" for the switch-out transactions was also 23 April.

There are two contract notes both dated 25 April 2024. One shows switch transactions in the SIPP and the other shows switch transactions in the ISA. The switch-out in the SIPP related note is from another Royal London fund holding. The switch-outs in the ISA related note are from yet another Royal London fund holding, and from another Fidelity fund holding. Both contract notes state the Application dates as 23 April and the Trade dates (for the switch-out transactions) as also 23 April.

The switch transactions conducted in the above contract notes (of 24 and 25 April) are those Aegon used in its redress calculations.

Mr C has submitted three further contract notes. He says these are the contract notes for the switch instructions repeated on 24 April that had initially been given on 22 April, and he says these are the contract notes that are relevant to his complaint.

One is dated 25 April 2024, containing switch transactions in the GIA. In it, the switch-out is from a holding in the BlackRock Gold & General D Acc fund (the 'BlackRock fund'). The Application date is 24 April and the Trade date for the switch-out transaction is also 24 April.

The other two contract notes are dated 26 April 2024. The note containing switch transactions in the ISA shows switch-outs from another BlackRock fund holding and from a holding in the Jupiter Gld&Slvr I A£ fund (the 'Jupiter fund') – Application date for the instruction is 24 April and Trade date for the switch-outs is also 24 April. The note containing switch transactions in the SIPP shows switch-outs from another BlackRock fund holding, from another Jupiter fund holding and from a holding in the Guinness GE Y A£ fund (the 'Guinness fund') – Application date for the instruction is 24 April and Trade date for the switch-outs is also 24 April.

Mr C has also 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 £10,400 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.

She also found that, despite Aegon's argument that the transactions can take many days to complete, there is evidence confirming that the sale 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 Mr C 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, [Mr C'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 Mr C's complaint because, I consider that Aegon has miscalculated redress.

As summarised in the previous section, each party is referring to transactions 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 platform email confirmations and contract notes for the relevant transactions appear to be the most pivotal. They support Mr C's position.

Evidence of the platform email confirmations Mr C received on 23 April creates an obstacle for Aegon's argument.

It says the switch instructions issued on this date are those that were delayed from 22 April, and it has conducted the redress calculations (for the 22 April system failure) on the basis of these instructions - hence its arguments that there was only a one day delay (between 22 and 23 April) in the matter, and that the switch-outs from the Fidelity and Royal London fund holdings (and their matching switch-ins) are those that were instructed on 22 April.

This cannot be the case.

The email confirmations of 23 April prove that Mr C issued three new switch instructions on this date. The contract notes with the Application date of 23 April are consistent with the email confirmations for the three switch instructions he issued on this date. The transaction statements Aegon has submitted for the SIPP, ISA and GIA show, on 23 April, entries that match the contract notes (and, in broad terms, the email confirmations). There is no evidence of six instructions and/or six contract notes for the transactions on this date, so it cannot be that three instructions (and associated contract notes) were recorded late from 22 April and three were newly issued on 23 April. Instead, only three instructions on this date exist, and they were those Mr C issued afresh.

On 23 April he requested one switch-out in the SIPP, two switch-outs in the ISA and two switch-outs in the GIA. As I said earlier, the platform email confirmations he received were timed at 9.17am, 9.22am and 9.26am. Aegon's statements show the following – two sale requests logged at 9.22am in the ISA statement (which appears to have been the instruction confirmed to Mr C at 9.17am); one sale request logged at 9.28am in the SIPP statement (which appears to have been the instruction confirmed at 9.22am); and two sale requests logged at 9.31am in the GIA statement (which appears to have been the instruction confirmed at 9.26am).

The contract notes showing the switch-outs on 23 April also show a total of five switch-outs (two in the ISA, one in the SIPP and two in the GIA).

Overall, on balance and for the above reasons, I am satisfied that the 23 April instructions were not those delayed from 22 April, instead they were those issued afresh by Mr C on 23 April. Aegon's argument about a delay is also unsupported by the absence of a 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'.

On 22 April the initial switch instructions were given; a separate and unrelated set of instructions were given on 23 April; the 22 April instructions appear to have been lost in Aegon's system failure on that date; they were re-issued on 24 April; Aegon accepts responsibility to redress financial loss arising from its system failure's disruption to the 22 April instructions; I am satisfied with evidence I have seen showing that Mr C 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 instructions (including the wrong *switch-out* transactions) using the wrong date, so its calculations are wrong. In using the wrong instructions, it follows that Aegon has also applied the wrong *switch-in* transactions to its redress calculations.

On balance, I consider that the correct instructions are those 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 *switch-outs* completed on the same day as they were instructed.

I am persuaded, by the pattern depicted in these contract notes, to conclude that, but for Aegon's system failure, the switch-outs in Mr C's 22 April switch instructions 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 Mr C 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 Mr C £100 for the trouble caused to him by the complaint matter, unless this has already been paid to him.

In terms of redress, my aim is to put Mr C into the position he would be in but for Aegon's platform system failure disrupting and preventing the switch instructions he 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 Mr C based on the premise that the switch instructions he had to re-submit on 24 April were 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 Mr C within 28 days of Aegon being informed that he has accepted this decision. This is to compensate Mr C if Aegon unduly delays in settling redress.

### **My final decision**

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

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

Roy Kuku  
**Ombudsman**