

The complaint

Mr W complains VANGUARD ASSET MANAGEMENT, LTD. ('Vanguard') caused a delay in transferring his ISA to a new provider.

What happened

Mr W had a stocks and shares ISA with Vanguard. Following an announcement that Vanguard was to apply new fees to its accounts, Mr W decided to transfer his ISA to a new provider.

He began the process to transfer in December 2024. I understand Vanguard was able to re-register some of his existing holdings with Mr W's new provider, but some assets couldn't be accepted by his new provider and so were sold down to cash to be transferred over.

Unfortunately, delays occurred throughout the process and the transfer did not complete until April 2025. Vanguard indicated a significant portion of its delays stemmed from additional units Mr W purchased in March 2025 while the transfer was ongoing.

Later in the process, Mr W contacted Vanguard to explain he wanted to take advantage of price movements in the market, but was now unable to make any changes to his holdings. Of particular concern to Mr W, was that Vanguard wouldn't allow him to access the cash from assets that had been sold down until the transfer had completed.

Mr W also said Vanguard failed to proactively communicate with him, which caused considerable frustration and led him to feel he needed to persistently contact Vanguard to chase up the transfer.

Mr W complained to Vanguard about the delays. Vanguard agreed it caused unreasonable delays on multiple occasions during the transfer process and offered to pay Mr W £150 in recognition of the distress and inconvenience caused to him. It also conducted a financial loss assessment and determined Mr W had not lost out financially as a result of its delays based on his investment activity shortly after the transfer had completed.

Mr W didn't agree Vanguard's offer sufficiently resolved his complaint, so he referred it to our service. One of our investigators reviewed Mr W's complaint and didn't think Vanguard needed to take any further action. In summary they said:

- They agreed Vanguard caused significant delays during the transfer process.
- While the delay was likely stressful and not having access to his assets would've been concerning for Mr W, they hadn't seen any evidence to indicate Mr W had suffered a financial loss as a result of the delay.
- It was their view that the £150 compensation award offered by Vanguard was fair and reasonable in the circumstances to acknowledge the impact that had been caused by its delay.

Mr W disagreed with the investigator's view. He said it wasn't explained at the time that making adjustments to the portfolio could contribute to delays and reiterated his main point of frustration stemmed from being unable to manage his assets while the transfer was pending. Mr W also provided additional information to demonstrate he'd communicated with Vanguard to express dissatisfaction at being unable to use cash in his account to take advantage of an opportunity to invest at a discounted price due to market movements.

As matters remained unresolved, the complaint was passed to me to decide.

What I said in my provisional decision

After careful consideration of the information provided by the parties, I decided to issue a provisional decision to give both parties an opportunity to respond. I said I had reached a different view to the investigator and intended to uphold Mr W's complaint.

In my provisional decision, I said:

"It's not in dispute that Vanguard took longer than it ought to have, to process the transfer of Mr W's ISA to his new provider. I note Mr W's main concerns are that it wasn't explained to him that changes made to his holdings could impact the transfer timeline, and he felt unfairly prevented from managing his investments during the transfer process. To consider the points Mr W has raised, I've thought about:

- *What was communicated to Mr W about the transfer process;*
- *When the transfer ought reasonably to have been concluded;*
- *Whether there was an opportunity for Vanguard to mitigate impact caused to Mr W as a result of the delay.*

Relevant considerations

In considering what is fair and reasonable in this case, I'm required by rule 3.6.4 of the Dispute Resolution: Complaints Sourcebook ('DISP') to take into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and where relevant, what I consider to have been good industry practice at the time.

The Principles for Businesses ('The Principles') set out in the Financial Conduct Authority ('FCA')'s Handbook set out overarching principles, which apply to all dealings of financially authorised firms. Of particular relevance in this case are:

- *Principle 2 – conducting business with due skill, care and diligence.*
- *Principle 6 – paying due regard to the interests of consumers and treating them fairly.*

- *Principle 7 – communicating with customers in a way that is clear, fair and not misleading.*

At the time the transfer was initiated, one of the funds Mr W held with Vanguard was able to be re-registered with his new provider. His remaining funds were sold with the proceeds transferred to his new provider as cash. While there's no law or regulation that sets specific time limits on how long an ISA transfer should take, with respect to the re-registration of assets, the Conduct of Business Sourcebook ('COBS') 6.1G.1R requires this to take place within a reasonable time and efficient manner.

I also consider there to be two publications of relevance to reflect what I consider to have been good industry practice when conducting ISA transfers at the time. The first being HMRC's well-established position that the transfer of a stocks and shares ISA should be completed within 30 calendar days.

The other publication of relevance is The Transfers and Re-registrations Industry Group ('TRIG')'s framework on improving transfers and re-registrations, which is supported by the regulator and sets out guidelines for transfer timescales. I understand Vanguard is a member of STAR – an industry group, which endorses the TRIG framework. In determining what I consider to have been fair and reasonable in this case as per DISP 3.6.4R, I consider both HMRC's expected timeframe and the TRIG framework to represent good industry practice, which Vanguard ought reasonably to have acted in line with when processing Mr W's transfer.

In my view, the most relevant parts of the TRIG framework to Mr W's complaint are as follows:

“30. The TRIG believes that organisations should adopt a maximum standard of two full business days for completing each of their own steps in all transfer and re-registration processes within the scope of this Framework (...).

31. This approach would enable each counterparty in a process to be equally accountable for ensuring that an efficient transfer and reregistration process is in place. Similarly, organisations will not be accountable for the underperformance of counterparties that are outside of their control.

32. This window would comprise two full business days, with a 'business day' defined as a day when the London Stock Exchange is open. Each firm would process its step by 2359 of the second business day following the day of receipt. This means that, in practice, some firms might have more than 48 hours to process their step, e.g. if they received an instruction at 0900 on day one, and did not complete their step until 2300 on day 3.

33. Each step in the process would begin at the point that an organisation can begin processing, rather than when the organisation does start processing. Similarly, each step would be deemed complete at the point when the relevant communication has been sent to the consecutive counterparty, to enable it to commence the following step.”

Point 34 of TRIG goes on to set out examples where it may not be possible for a particular step to be completed in time, for example due to legitimacy concerns, or dealing with low liquidity assets. Based on the information I've seen, I don't consider the circumstances of Mr W's transfer to have contained any complications where it would've been reasonable to expect particular steps to take longer than two business days in

terms of the assets being transferred. However, as I'll explain below, due to the time of year the transfer was initiated, I do consider it reasonable for one of the initial steps to have taken slightly longer.

Therefore, in summary, it's my view that based on the guidance set out within the TRIG framework, which I consider good industry practice, Vanguard ought to have completed each relevant step in the transfer process within two full business days of being in a position to take action and to have completed the transfer within HMRC's general timescale of 30 calendar days if reasonably able to do so.

Has Vanguard fairly accounted for its delays?

Mr W's transfer was initiated on 24 December 2024 and completed on 25 April 2025. In its communication with Mr W, Vanguard said it caused delays totalling 41 business days and carried out a loss calculation on that basis.

Vanguard explained the most significant delay on its part occurred after Mr W purchased additional units on 3 March 2025. This required Vanguard to seek confirmation from Mr W's new provider on whether it could accept those units, but Vanguard delayed contacting it until 1 April 2025.

Having reviewed the information that's been provided, I'm pleased to see that Vanguard has accepted some responsibility for causing delays to Mr W's transfer. From what I can see from the evidence provided, it doesn't appear that Mr W's new provider contributed to the delays.

It appears to me that Vanguard is of the view the transfer ought to have been able to complete towards the end of February, which I note would still have been considerably longer than HMRC's guideline of 30 calendar days to complete the transfer. I note the process started on Christmas eve, so given the time of year, I think there's scope to consider a slightly longer period of 30 calendar days to be reasonable here, but I'm not persuaded the end of February was the earliest the transfer could have reasonably completed had Vanguard acted as it ought to have.

Mr W has explained he wasn't given any information about the transfer process and feels he ought to have been warned that making any adjustments to his portfolio during the transfer could have resulted in a delay. From the information both parties have provided to outline their communication during the transfer period, I can't see anything to suggest Vanguard explained to Mr W that any changes to his holdings during the transfer process could impact the time taken for it to complete.

As I set out above, Vanguard is obligated to communicate with its customers in a manner that is clear, fair and not misleading. However, in the context of transfers, the FCA, in a 2018 Market Study report, referenced the TRIG framework and explained there is an expectation for the receiving provider to communicate with the consumer to provide details of the transfer process at the outset. With that in mind, as the ceding provider, I don't think Vanguard treated Mr W unfairly by failing to proactively warn him against attempting to make any adjustments to his holdings once the process was initiated.

That said, I've reviewed Vanguard's terms and conditions and note clause 3.4.4 states the following:

“For ISA and General Accounts only, if you tell us that you want to Transfer Out all of your Vanguard Funds or sell all your Vanguard Funds and have the proceeds paid to you, we will suspend your Account so that no new deals can be made.”

This would indicate that once the transfer process was initiated, Mr W ought to have been prevented from taking any action to manage his assets. I note that in early April 2025, Mr W queried why he was unable to take any further action, which would indicate a suspension had been implemented. It’s not clear to me why Mr W was able to purchase further units on 3 March 2025 while the transfer was ongoing.

In any event, having carefully considered the circumstances of this transfer, had Vanguard completed each step of the process without delay, I’m satisfied the transfer would have completed well in advance of 3 March 2025. So, had things progressed without delay, I’m satisfied the additional delays caused by Mr W purchasing units would have been avoided as he would have been able to purchase these new units via his new provider.

With the above in mind, in assessing when the transfer ought reasonably to have completed had there been no delay, I don’t consider the additional time taken to process the additional units Mr W purchased on 3 March 2025 should be included.

As I indicated earlier in this decision, aside from the time of year when the transfer was initiated (which I’ll comment on further below), I’ve seen no evidence to suggest there were any unusual factors at play that could’ve reasonably caused the transfer to take place outside the timescales that are generally considered to be good industry practice.

According to the TRIG framework, each step in the process ought to be completed within two business days of being able to do so. TRIG considers business days to include dates the London Stock Exchange (‘LSE’) is open. The LSE was partially open over the festive period, but I note Vanguard was of the view the earliest it could have provided a valuation to Mr W’s new provider following receipt of the initial request on 24 December 2024 was 3 January 2025. This means Vanguard considered the earliest it could complete the initial step was within five business days, rather than two.

From the evidence I’ve seen, Mr W’s new provider responded the same day Vanguard sent the valuation to confirm acceptance of the transfer. Had Vanguard processed Mr W’s transfer in a fair and reasonable way – it would, in my view, have begun to action the re-registration and sales by two full business days following this acceptance. I can’t see that any action to initiate the disinvestment was taken until 23 January 2025, and the first indication I can see of the re-registration being initiated was on 5 February 2025. Vanguard has explained that additional delays occurred as the process continued.

The objectives of TRIG were to reduce the time between each step when transferring assets between providers. With the overall aim being to reduce the impact these individual accumulations have on the overall transfer.

I’ve seen no evidence to suggest Vanguard agreed to a specific timescale with Mr W from the outset, and so I consider it fair and reasonable to apply the good industry practice I’ve referenced in this decision.

Earlier in this decision, I mentioned HMRC’s established position that it considers 30 calendar days to be a reasonable timeframe for an ISA transfer to be completed. Due to

the initiation of this transfer taking place at the start of the festive period, I think it's likely that staff members at both Vanguard and Mr W's new provider would have been on annual leave impacting the ability for either firm to meet usual timescales. I think Vanguard's suggestion that it ought to have taken five business days to provide the valuation is reasonable considering the time of year the request was issued. With that in mind, it's my view that it would have been reasonable for Vanguard to have completed Mr W's transfer within HMRC's timeframe of 30 calendar days, plus an additional three business days. Had it not caused unreasonable delays, I think Vanguard ought reasonably to have completed Mr W's transfer by 28 January 2025.

Vanguard's loss calculation

I note Vanguard has carried out a calculation to determine if Mr W suffered a financial loss due to the delays it identified. To do this, it considered all transactions Mr W placed in his new ISA within 10 business days of the transfer completing and compared share prices on the date they were purchased with what the shares would have cost 41 business days earlier to establish if Mr W had lost out.

For the reasons I've set out above, it's my view that Mr W's transfer could have reasonably completed by 28 January 2025. I've also considered what the information we've received indicates about Mr W's approach to investing. In his communication with Vanguard and our service, Mr W has made several references to price movements in the market that he wanted to take advantage of. In particular, he's noted the share price of one of the funds he ultimately purchased additional shares in following completion of the transfer, was trading at a significantly lower price in early April 2025, compared to previous months. It's therefore my view that Mr W placed weight on current market prices when making investment decisions.

Had his ISA transfer completed without delay, I think Mr W would've likely been influenced by current market prices when deciding how to reinvest the cash transferred from Vanguard to his new provider. Based on how I understand Mr W to have reinvested after completion of the transfer – he opted to purchase units in two funds that were trading at considerably lower prices compared to previous months. Had the transfer completed by 28 January 2025, when share prices in those funds were considerably higher – I think it's unlikely that Mr W would have made the same investment choices.

While Vanguard's determination that Mr W did not suffer a financial loss as a result of its delay might be the case considering share prices at the time he actually reinvested, I think a different approach to that taken by Vanguard is needed to fairly determine if Mr W has encountered a financial loss as a result of its delay. I've set out below how Vanguard can calculate this.

Putting things right

In assessing what would be fair compensation, I consider that my aim should be to put Mr W as close to the position he would probably now be in if his ISA transfer completed without delay. For the reasons I've explained above, it's my view that had there been no delay, Mr W's transfer would have completed by 28 January 2025.

Based on my understanding of his investing behaviour, had there been no delay, I think Mr W would have invested the cash transferred to his new ISA provider differently. It is not possible to say precisely what he would have done during the interim period, but I am satisfied that what I have set out below is fair and reasonable given my understanding of Mr W's circumstances and objectives when he invested.

What should Vanguard do?

To compensate Mr W fairly, I intend to direct Vanguard to:

1. Determine how much cash would have been transferred to Mr W's new provider, had the transfer completed on 28 January 2025.
2. Calculate a notional value to establish what the cash transferred to Mr W's new ISA would have been worth on 25 April 2025, had the amount identified in step 1. been reinvested and produced a return in line with the following benchmark: FTSE UK Private Investor Growth Index between 28 January 2025 and 25 April 2025. On the assumption Mr W would have retained some of his ISA savings in cash, Vanguard should adjust the amount established in step 1. by the equivalent amount of cash Mr W previously held in his Vanguard ISA prior to instructing the transfer.
3. Deduct the actual amount of cash Vanguard transferred to Mr W's new provider from the amount established in step 2.
4. If step 3. results in a positive figure, Vanguard should adjust it by assuming it would have performed at the same average rate as Mr W's ISA from 25 April 2025 when the transfer took place, to the date of any final decision I make. This figure amounts to Mr W's loss, which Vanguard should pay to him.
5. If step 3. results in a negative figure, there is no loss for Vanguard to redress as a result of its delay.

I consider the index set out above to be a reasonable indicator of how Mr W's ISA may have performed had there been no delay based on what I understand of his investment history. Mr W appears to have been interested in funds that predominantly track equities and his pattern of investing based on price fluctuations indicates a willingness to accept volatility in the pursuit of longer-term growth. The FTSE UK Private Investor Growth Index is designed to represent the performance of a multi-asset benchmark with higher than average levels of historical volatility. If either party disagrees with this choice of benchmark, they should explain why in response to this provisional decision, providing any available supporting evidence.

I intend to direct Vanguard to pay the compensation within 28 calendar days of the date on which we tell it Mr W accepts any final decision I make.

If both parties accept my provisional decision, I may decide that a final decision isn't needed, and the complaint could be resolved at this stage. Should that happen, Vanguard must pay compensation within 28 calendar days from the date it is informed by us of Mr W's acceptance of my provisional decision. The complaint would be resolved at provisional decision stage.

If Vanguard does not pay the compensation by this date, it should pay 8% simple interest per year on the loss, for the period following the deadline to the date of settlement.

Non-financial loss

It's my understanding Vanguard has already made a payment to Mr W amounting to £150 to apologise for the impact caused by its delays. I'm minded to direct Vanguard to increase this award to acknowledge the considerable frustration and inconvenience its delay caused Mr W.

Having reviewed Mr W's communication with Vanguard during the transfer process – particularly in early April 2025, Mr W was clearly frustrated by not being able to manage his investments as he wished. In particular, he indicated a desire to use cash from his liquidated funds to take advantage of price movements in the market and failed to understand why Vanguard couldn't transfer those funds in the meantime.

I've not seen any evidence to suggest Vanguard had a requirement to keep hold of the entirety of the liquidated funds until the transfer completed. In my view, it missed an opportunity to attempt to minimise the impact its delay was having on Mr W. I think Vanguard could've reasonably moved some of the liquidated funds across to the new provider in response to Mr W's messages. Doing this would have allowed Mr W to purchase the additional holdings he was hoping to buy, which would've likely eased some of his frustration with the ongoing delay.

To acknowledge this, in addition to the payment of any financial loss calculated according to the steps above, I intend to direct Vanguard to increase its existing compensation award by a further amount of £100, to pay Mr W £250 in total in respect of the distress and inconvenience caused to him by its actions.”

Further information provided in response to my provisional decision

Mr W responded to my provisional decision to submit an alternative approach to redressing his complaint. He said:

- Calculating redress according to the FTSE UK Private Investor Growth Index doesn't accurately reflect his circumstances as he intended to purchase units in several funds in early April 2025 when prices fell significantly.
- Had the transfer completed by 28 January 2025, he would have been able to purchase holdings in the same funds he subsequently chose, but at lower prices earlier in April 2025.
- The difference between the prices in early April 2025 and the prices he actually paid once the transfer completed, represents his loss, which should form the basis of the redress calculation to resolve his complaint.

Vanguard didn't provide any further comments in response.

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 carefully reviewed Mr W's additional submissions, I've not seen a reason to depart from the outcome I reached in my provisional decision. I'll explain why. For clarity, the contents of my provisional decision set out above – including how things should be resolved for Mr W form part of my final decision, in addition to what I've said below.

Calculating loss

I've thought carefully about Mr W's additional submissions in determining how Vanguard should put things right for him. It's evident from Mr W's communication with Vanguard that in early April 2025, he wanted to take advantage of a downturn in market prices in certain funds using the available cash in his ISA following the sale of some of his holdings. I also note that he proceeded to purchase shares in those funds once the transfer completed, but at less advantageous prices. I can therefore see the logic to Mr W's submission that had the transfer completed sooner, he would have been able to take advantage of the lower prices when the market suddenly fell in early April 2025. However, I'm not persuaded that Mr W was more likely than not to take this course of action if the transfer had completed by 28 January 2025.

If the transfer had completed without delay, it's my view that Mr W would not have delayed in reinvesting the vast majority of the cash Vanguard transferred to his new provider to avoid the impact of being out of the market. While I'm unable to say with certainty what he would have done, I think he likely would have reinvested into funds similar to those he held with Vanguard by early February at the latest.

Based on his previous investment activity, had the transfer not been delayed, I think it's unlikely that Mr W would have had a significant amount of uninvested cash in his ISA around the time prices in the funds he ultimately invested in suddenly dropped in early April 2025. It's my understanding that prices fell broadly across global markets during this time, so it's likely that all of his holdings would have been impacted by these price movements. I'm not persuaded Mr W would have felt incentivised to sell existing holdings at a lower price to purchase units in the funds he's referenced, had the transfer completed without delay.

To put it another way, by early April 2025, Vanguard had completed selling down some of Mr W's holdings, so there was a considerable amount of cash sitting in his ISA at the time the prices dropped. It's therefore understandable that Mr W wanted to take advantage of the lower prices with the cash that seemed to be available (albeit at that time, inaccessible to him). But had there been no delay, it's my view that Mr W would've reinvested the majority of the cash transferred to his new provider shortly after the transfer completed. By early April 2025, it's likely that his chosen investments would also have been impacted by falling prices, so I find it unlikely that he would have chosen to carry out a rebalancing exercise at that time. For this reason, I'm not persuaded to depart from my provisional finding on how Vanguard should calculate if Mr W has suffered a financial loss as a result of its delay.

Putting things right

For the reasons I've explained, I've decided to uphold Mr W's complaint. I direct Vanguard to compensate Mr W as I set out in my provisional decision, which in summary, includes:

- Calculation and payment of any financial loss Mr W encountered as a result of its delay by comparing the performance of his ISA with that of the benchmark specified in my provisional decision set out earlier in this decision, between 28 January 2025 and 25 April 2025. Should loss be established, Vanguard should adjust this figure to bring it up to date based on the average growth rate of Mr W's ISA from 25 April 2025 to the date of this final decision.
- Payment of £250 compensation, inclusive of the £150 previously offered by Vanguard to acknowledge distress and inconvenience its delays have caused to Mr W.

Vanguard must pay the compensation within 28 calendar days of the date on which we tell it Mr W accepts my final decision.

If Vanguard fails to pay the compensation by this date, it should pay 8% simple interest per year on the loss, for the period following this deadline to the date of settlement.

My final decision

My final decision is that I uphold Mr W's complaint. I require VANGUARD ASSET MANAGEMENT, LTD. to take the actions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 May 2026.

Rebecca Faiers
Ombudsman