

The complaint

Mr L complains that Lloyds Bank plc made a mistake when it acted on his instructions to transfer the cash held in his stocks and shares ISA from another provider. He says Lloyds gave instructions to close his stocks and shares ISA and transfer the whole balance, rather than transferring just the cash.

What happened

I set out the background to this complaint in my provisional decision dated 27 October. In summary, I explained that Mr L suffers from dementia. But that, as long as things are clearly explained, he is able to continue managing his finances. Lloyds was made aware of Mr L's dementia diagnosis in 2022, and it noted in its records that Mr L needed Lloyds to "*repeat key messages*" to him. Lloyds's records also noted that Mr L had a cataract and therefore needed documents in "*easy read*" and "*help with products*".

In April 2024, Mr L opened a fixed rate cash ISA with Lloyds. He wanted to transfer the £145,000 he held in cash in his stocks and shares ISA with another provider, Hargreaves Lansdown Asset Management Limited ("HLAM") to his new Lloyds account.

A member of staff at Mr L's local Lloyds' branch completed the transfer form for him and he signed it. But the form instructed HLAM to close Mr L's stocks and shares ISA and transfer the balance to his fixed rate ISA with Lloyds. HLAM acted on these instructions – Mr L's share holdings were sold, and the proceeds and cash balance were transferred. This meant around £832,000 was transferred, rather than the £145,000 Mr L intended.

Mr L phoned Lloyds to tell it what had happened and that it wasn't what he wanted. Lloyds said it could transfer the money back to HLAM, but Mr L said he didn't want it to go back as cash. He thought the form was at fault and that there were lessons to be learned. Lloyds said it would feedback to its improvements team, but that there was nothing else it could do as it hadn't made an error.

Our investigator didn't recommend that the complaint should be upheld as Mr L had signed the transfer form which instructed transfer of the entire ISA. Mr L didn't agree, so the complaint was passed to me.

My provisional decision

I thought the complaint should be upheld. I firstly set out some of the rules and regulations which I considered to be relevant. I said:

Those relevant rules include the Financial Conduct Authority's ("FCA") guidance on the fair treatment of vulnerable customers. This sets out expectations of firms and how they should treat vulnerable customers who may have different service needs. In circumstances involving customers with different needs, firms should provide their customers with a level of care that is appropriate given the individual characteristics of the customers themselves. The guidance also explains that building flexibility and

altering customer service processes should be considered to help vulnerable customers with individual needs.

I've also considered The Consumer Duty in this complaint. The Duty is a relatively new standard introduced by the Financial Conduct Authority. It sets higher and clearer standards of consumer protection across financial services and requires businesses to put their customers' needs first.

It includes new rules for firms to follow and four areas where firms must apply the Consumer Duty. These four areas are:

- Consumer understanding
- Consumer support
- Products and services
- Price and value

As this complaint is about what happened in April 2024, The Consumer Duty is something

I need to consider when deciding what is a fair and reasonable outcome. In particular:

Under the area of Consumer support, PRIN 2A.2.14R says that:

"A firm must enable and support retail customers to pursue their financial objectives."

And that:

"Enabling and supporting retail customers to pursue their financial objectives includes acting to empower retail customers to make good choices in their interests, including by.....

(4) taking account of retail customers' behavioural biases and the impact of characteristics of vulnerability in all aspects of customer interaction." (PRIN 2A.2.20)

And, under the area of Consumer Understanding, PRIN 2A.5.9 says:

When a firm is interacting directly with a retail customer on a one-to-one basis, such as in branch, during a telephone conversation or other interactive dialogue, the firm must, where appropriate:

- (1) tailor the communication to meet the information needs of that retail customer, taking into account whether they have characteristics of vulnerability; and*
- (2) ask the retail customer if they understand the information and if they have any further questions, particularly if the information is reasonably regarded as key information, such as where it prompts that retail customer to make a decision.*

I then explained why I thought the complaint should be upheld. I said:

Mr L's condition does make things difficult for him, and he sometimes needs help. But I think his intentions here were very clear and consistent - he only wanted to transfer the cash element of his stocks and shares ISA. I say that because:

- He phoned HLAM to check the cash balance and was clear that he was going to give instructions to transfer that cash to Lloyds.

- When he phoned Lloyds to open the fixed rate ISA account, he was clear that he wanted to transfer the cash held in his stocks and shares ISA - £145,000.
- During both calls he talked about why he'd decided to do that and what he intended to use that money for in the future. This suggests Mr L had thought carefully about what he wanted to achieve and why.
- As soon as he saw his shareholdings had been sold and the proceeds transferred, he knew that wasn't what he wanted. He phoned HLAM to express his shock; and he phoned Lloyds to say, "*I wanted to transfer £145,000*" and that the sale of his shares "*wasn't what I asked for*".

Having been consistently clear in his intention, I've thought about what happened when he went to the branch. He was helped by a member of staff who knew Mr L and had assisted him before. She's provided her recollection of what happened. She said there was an error on the system, so a paper form had to be completed. She said:

"...Mr L's handwriting was very shaking and non-readable so I supported the process in completing the form and getting Mr L to read through and double check the form is correct before signing."

Mr L's recollection is that there was nowhere on the form to specify how much he wanted to transfer. But the form did provide that option. Under section 2, question 1 is:

"Do you want to close your current ISA and transfer all the balance"

If the answer to this is "No", then question 4 needs to be answered, which is:

"Please specify how much of your ISA you want to transfer"

But the member of staff had selected "Yes" to closing the current ISA and transferring all the balance. I've already explained above why I think Mr L's clear intention was to only transfer £145,000. So, on balance, I think it's more likely than not that the member of staff made a mistake when completing the form.

Mr L signed the form to show his agreement. But the member of staff only asked him to read it through and sign it, which reflected its standard process. I find Lloyds' records were clear that Mr L needed help to understand what he was agreeing to – because of his dementia; and help reading the form – because of his eyesight. Lloyds needed to ensure Mr L understood what he was doing. Had it done that here, then I find Mr L wouldn't have gone ahead as I'm satisfied he only intended to transfer £145,000.

I've taken into account that, when Mr L discussed matters with Lloyds afterwards, he said that, when he was in the branch, he wasn't taking his time. He said, "*I was trying to get it done. I wouldn't calm down*". It's possible Mr L was rushing the member of staff, although she's not mentioned this in her recollection. But, as a vulnerable customer, Lloyds had a duty of care to make sure Mr L fully understood what he was agreeing to. And Lloyds should have taken the time that was needed to explain things. If Lloyds had taken the time and care to assist Mr L, I think the form would have been completed correctly and his stocks and shares wouldn't have been sold and transferred.

And I set out what I thought Lloyds needed to do to put Mr L back in the position he'd be in now if the ISA transfer had been completed correctly and only £145,000 cash had been transferred. I explained that, in thinking about fair compensation, I took into account that:

- When something goes wrong, we expect consumers to take steps to try to mitigate any loss. But in Mr L's case, because of the difficulties caused by his dementia, he didn't know what to do. Whilst Lloyds offered to transfer the excess amount back, at no cost, Mr L knew this wouldn't put him back in the position that he had been in. And, without the required help, he wasn't able to understand what he needed to do to resolve things. Indeed, he'd told HLAM that one of the reasons he'd built up so much cash was that he wasn't really up to making reinvestment decisions anymore. So I think it was fair for him to wait for this service to resolve his complaint.
- Mr L has also complained to HLAM about the transfer, and he also referred that complaint to us. I am considering what HLAM did wrong. I don't think it would be fair to hold Lloyds solely responsible for the position in which Mr L now finds himself. If Lloyds hadn't made a mistake, Mr L's stocks and shares ISA would have increased in value. So I think Lloyds should pay the majority of the financial loss. But HLAM could have taken steps to prevent the mistake, and I've taken that into account when thinking about fair compensation.

I then set out how I thought the compensation should be calculated. I said that Lloyds Bank plc should:

1. Transfer the amount that was in excess of the £145,000 Mr L wanted to transfer back to Mr L's stocks and shares ISA held with HLAM, at no cost to Mr L. (HLAM can then arrange for the money to be reinvested to reflect Mr L's investments before the mistake was made.)
2. Obtain figures from HLAM to show what Mr L's investments would be worth now if they hadn't been sold in April 2024 and to show what dividend and interest payments, and capital receipts from corporate actions, he's missed out on.
3. Mr L was receiving interest on the amount transferred in excess of £145,000 in the Lloyds ISA account. Lloyds should deduct this interest amount from the lost growth figure.
4. Credit Mr L's stocks and shares ISA with 80% of the total loss. *
5. Lloyds should pay Mr L £350 for the distress and inconvenience caused.

* I assume the compensation for lost growth can be paid into Mr L's stocks and shares ISA. If this isn't possible, Lloyds will need to compensate Mr L for the tax savings he will lose on that amount. Lloyds should let me know, in response to this provisional decision, its proposals for achieving that.

Responses to my provisional decision

Mr L largely agreed with the proposed outcome. But he didn't think £350 was enough to compensate him for the distress and inconvenience he'd been caused. He said Lloyds didn't assist him when things went wrong and he was told it was up to him to correct the mistake.

Lloyds didn't agree with my provisional decision. It said, in summary, that:

- In line with the FCA's guidance for fair treatment of vulnerable customers, it spent time with Mr L to help him complete the ISA transfer form, to double check it, and to ensure he wished to proceed with the ISA transfer. Mr L checked the form multiple times and

there were no signs that Mr L was in a rush.

- Whilst Mr L had made reference to £145,000 in his phone call, Lloyds had no knowledge of any other cash or investments held in the HLAM ISA. And, whatever was said in the call, wouldn't have determined the ISA transfer instruction, as customers can change their minds. Lloyds was unaware that Mr L intended to keep the share element of his ISA with HLAM.
- Mr L told Lloyds he had been in touch with HLAM to ensure it was clear of his intentions and it would have been good practice for HLAM to confirm the ISA transfer instruction with Mr L before it went ahead. HLAM is responsible for what went wrong here.
- Mr L was aware he needed to contact HLAM to re-open the stocks and shares ISA. But he didn't take any action to mitigate his losses, even after Lloyds had offered to waive any charges.
- If, after reconsideration, the ombudsman still thinks Lloyds made an error, compensation should be calculated from the date of the error to the date Mr L could have mitigated his loss – 7 May 2024. Notwithstanding Mr L's vulnerabilities, mitigation, with the support of HLAM, should have been possible. Lloyds couldn't initiate the transfer back, the instruction had to come from HLAM. So Lloyds shouldn't be held responsible for losses after 7 May 2024.
- Lloyds is also concerned about on-going losses if HLAM doesn't request the transfer back.
- Lloyds emphasised that it was sorry that Mr L felt let down and that it is committed to supporting vulnerable customers and that Mr L's experience would inform its future policy enhancements.

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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards and codes of practice and (where appropriate) what I consider to be good industry practice at the time.

I've carefully considered what Lloyds has said in response to my provisional decision – in its written submissions and in its phone call with our investigator. I appreciate it feels strongly that any fault here doesn't lie with it. And that Mr L was capable of mitigating his loss, but may have chosen not to. Having considered everything carefully, I won't be departing from my earlier conclusion for the following reasons:

I appreciate that Lloyds had noted Mr L's vulnerabilities and that the staff in his local branch knew Mr L and provided him with additional support. And it regrets that Mr L feels Lloyds let him down on this occasion. But it feels that it acted in line with the FCA's treatment of vulnerable customer guidance by sufficiently deviating from its standard process. I don't agree. Had it done enough to support Mr L, I think the outcome would have been different.

I explained in my provisional decision why I thought Mr L's intention was clear – he only wanted to transfer the £145,000 cash balance to Lloyds. Mr L didn't complete the transfer

form; Lloyds' member of staff completed it on his behalf. So I would have expected her to read out the questions to him. These included:

"Do you want to close your current ISA and transfer all the balance"

Mr L didn't want to transfer all the balance, so if he'd been asked this question, I think it's more likely than not that he would have made it clear that he didn't want to transfer the entire ISA. Lloyds should then have asked:

"Please specify how much of your ISA you want to transfer."

And, if Mr L had been asked this question, I think he would have made it clear that he wanted to transfer £145,000.

I'm not persuaded Lloyds asked these questions, or read the form, and the warnings about selling investments in a stocks and shares ISA. I say that because if it had read everything out, Mr L would have told Lloyds that he only wanted to transfer £145,000.

Lloyds said Mr L checked the form "*multiple times*". But this isn't what the member of staff recalls. She said that "*...I supported the process in completing the form and getting Mr L to read through and double check the form is correct before signing.*" Lloyds knew Mr L had eyesight problems and was unlikely to have been able to see the small print used in the form. So asking him to read it through and sign it wasn't enough to support him, however many times he was asked to check it.

I don't think it makes a difference that Lloyds wouldn't have known what Mr L held in his HLAM ISA. It knew it was a stocks and shares ISA. And, when it completed the form on his behalf it should have made the two options clear to him – to transfer the entire ISA or a specific amount.

I agree that HLAM bears some responsibility for what went wrong here, and that is why in my provisional decision I said that Lloyds should reimburse Mr L for only 80% of the loss. Lloyds made the mistake which caused Mr L a loss, so it should be responsible for putting things right for him. But, in recognition that there was an opportunity for HLAM to prevent the mistake, I've decided it should share some of the responsibility.

As I set out in my provisional decision, when something goes wrong, we expect consumers to take steps to try to mitigate any loss. I explained that, because of the difficulties caused by Mr L's dementia, he didn't know what to do. I find this is fairly clear from the phone calls Mr L had with both Lloyds and HLAM. Lloyds said it told him he would need to engage with HLAM to re-open his ISA and then Lloyds would pay back the amount that shouldn't have been transferred at no cost to Mr L. I accept Lloyds couldn't, and can't, pay the money back until it receives an ISA transfer instruction from HLAM. But Mr L was left confused - he knew that, even if he asked HLAM to instruct the transfer back, transferring the amount back as cash wouldn't put him back in the position he should have been in. He knew he needed his investments reinstated, but didn't know how to achieve this when both Lloyds and HLAM had told him that they hadn't done anything wrong.

So I don't think Mr L was capable of mitigating his loss and I don't find any reason to depart from my earlier conclusion.

I appreciate Lloyds will need to wait for HLAM to request the transfer. A final decision is being issued to HLAM today, so Lloyds won't be subject to an open-ended liability.

I have reconsidered the compensation figure for the distress and inconvenience Mr L was caused. And I understand why he thinks Lloyds should have done more to help him. But, after careful consideration of all the circumstances, I think £350 fairly compensates him for the distress and inconvenience he was caused.

Putting things right

Lloyds Bank plc should:

1. On receipt of the ISA transfer instruction from HLAM, transfer the amount that was in excess of the £145,000 Mr L wanted to transfer back to Mr L's stocks and shares ISA held with HLAM, at no cost to Mr L. (HLAM can then arrange for the money to be reinvested to reflect Mr L's investments before the mistake was made.) *
2. Provide HLAM with the amount of interest received on the amount transferred in excess of £145,000 in the Lloyds ISA account. HLAM will deduct this interest amount from the amount it calculates Mr L has lost.
3. Obtain figures from HLAM to show the amount Mr L has lost – this will include the extra cost of buying back Mr L's investments plus the dividend and interest payments, and capital receipts from corporate actions he's missed out on. If HMRC won't allow the loss incurred to be credited to Mr L's ISA account, HLAM will also calculate the compensation to be paid to reflect the tax savings Mr L will miss out on. *
4. Credit Mr L's stocks and shares ISA with 80% of the total loss.
5. Pay Mr L £350 for the distress and inconvenience caused.

* As noted, it's possible HMRC will not agree to payment 4 above being credited to Mr L's stocks and shares ISA account. In which case, payment will need to be to Mr L's general investment account. Lloyds should wait for HLAM's instructions for which account to credit.

My final decision

My final decision is that I uphold this complaint. Lloyds Bank plc should pay compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 January 2026.

Elizabeth Dawes
Ombudsman