DRN-5981917

The complaint

Mr S complains that Trading 212 UK Limited ('T212') wouldn't allow him to move his investment ISA to his new provider on an in-specie basis and when his monies were moved, they took too long in doing so.

Mr S would now like T212 to recompense him for the losses he states that he's incurred.

What happened

Mr S held an investment ISA with T212 which he decided to move to a business that I shall call Firm M. An overview of the chain of events is as follows:

6 June 2024 – Mr S completed Firm M's transfer authority (TA) form.

11 June 2024 – T212 received the completed TA form.

17 June 2024 – Mr S completed and signed T212's transfer out form.

8 July 2024 – Mr S liquidated his holdings.

13 July 2024 – T212 initiated payment of Mr S's monies to Firm M.

17 July 2024 – Firm M received Mr S's monies.

23 July and 10 September 2024 – residual proceeds were sent to Firm M.

Shortly afterwards, Mr S decided to formally complain to T212. In summary, he said T212:

- had been anti-competitive, purposely blocking his ability to move to another provider.
- had provided numerous misleading updates.
- were in beach of the FCA rules due to delaying the transfer.
- had caused him avoidable losses as his monies were out of the market from 5 July 2024 and within that window, share prices had increased by 2%.

After reviewing Mr S's complaint, T212 concluded they were satisfied they'd done nothing wrong. They also said, in summary, that Firm M were unable to accept in-specie transfers, so the ISA monies had to be sent as cash. In addition, T212 said that the general processing deadline for ISA transfers that's set by HMRC is 30 days, which they believe they'd met.

Mr S was unhappy with T212's response, so he referred his complaint to this service. In summary, he said that the transfer took longer than the 30 days it should have to move to his new provider. In addition, he said that T212 should have transferred his stock portfolio rather than forcing him to liquidate his holdings.

To put things right, Mr S stated that he wanted £500 compensation for the delay and £2,355 to reflect the missed investment growth he believes his holdings would have earned had T212 not delayed moving his monies.

The complaint was then considered by one of our Investigators. He concluded that T212 hadn't treated Mr S unfairly. Mr S, however, disagreed with our Investigator's findings and asked him to pass the case to an Ombudsman for a decision.

After carefully considering what both parties had to say, I explained that I was issuing a provisional decision on the case as I was minded to reach a different conclusion to that of our Investigator and uphold the consumer's complaint in part. The window aimed to give both parties the opportunity to provide any final comments that they wished for me to consider before I reached a final decision.

What I said in my provisional decision:

I have summarised this complaint in less detail than Mr S has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr S and T212 in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm planning on upholding Mr S's complaint in part - I'll explain why below.

When moving investments between providers, there's essentially two ways of doing that, the first is what's called 'in-specie'. In short, that means the existing investments within the ISA are simply moved to the new firm without having to be sold, the benefit of that is the consumer isn't out of the market at any point, so they'll continue to see their monies rise and fall in value in line with the underlying investments their monies are invested in. However, that process typically takes far longer to facilitate. The second method of moving monies between providers is to simply encash the underlying investments and then move the money as cash; that's usually far quicker and simpler.

However, from what I've seen of the paperwork that Firm M sent to T212, they weren't able to accept in-specie transfers and could only accept cash transfers. When Mr S completed Firm M's ISA transfer application form, he agreed to the following condition which I'm satisfied makes clear his investments would need to be sold down in order for them to be moved: *"When you transfer a Stocks and Shares ISA to [Firm M] we instruct your current ISA provider to sell all the investments and transfer the proceeds to [Firm M]".* And on 11 June 2024, Firm M sent a letter to T212 that stated: "*We are unable to accept in-specie transfers and kindly request you to liquidate the assets and transfer the proceeds via Bank Transfer to*…". I'm therefore satisfied that even if T212 wanted to, they wouldn't have been able to send Mr S's existing investments to Firm M on an in-specie basis. It therefore follows the only option available to T212 when remitting Mr S's ISA to Firm M was via a cash transfer, so I can't conclude that they treated him unfairly and as such, I'm not upholding this element of his complaint.

I've gone on to consider Mr S's secondary concern – the time taken to move his monies from T212 to Firm M. HMRC has set out that it expects firms to move consumers' monies promptly and where investment ISAs are concerned, it must be completed within 30 calendar days. From what I've seen, T212 have stated that they received Mr S's completed transfer request form on 11 June 2024. That meant his ISA had to be transferred to Firm M no later than 11 July 2024, however, Firm M didn't receive the ISA funds until 17 July 2024, which is six days outside of the 30-day limit.

Mr S wasn't informed of the need to liquidate his holdings until 8 July 2024, some 27 calendar days after T212 received the instruction from Firm M to move his ISA to them (on 11 June 2024). T212 then had to wait for the trades to settle before they could move his money. Having looked at the messaging history between Mr S and T212, on 17 July 2024, T212 suggested that they asked Mr S to liquidate his portfolio on 17 June 2024. Mr S immediately disputed this fact, and I've not seen any evidence to the contrary that he was approached prior to 8 July 2024 to sell his holdings. T212 have acknowledged that Mr S acted promptly when notified of the need to sell his assets, so I think had he been informed earlier of the need to liquidate his investments, it's more likely than not the delay could've largely been avoided and as such, I'm upholding this element of Mr S's complaint about the time taken to move his ISA.

I therefore require T212 to undertake a comparison calculation to determine if Mr S has been financially disadvantaged by the delay.

Putting things right

Using financial services won't always be hassle free and sometimes mistakes occur, but when they do, we'd ordinarily expect the firm to put the consumer back into the same, or as close to the same position, that they would've been in were it not for the mistake. I've therefore thought about what ought to have happened were it not for the delays Mr S experienced. But, in doing so, I also have to recognise that we're now working to a different (or notional) timeline, and I also have to give consideration to the events at the time Mr S asked T212 to move his money. T212 have explained that within the window Mr S's request was received, they received an extremely large demand from other customers to open new accounts as a result of an interest rate they had on offer at the time, so I think it's unlikely that T212 would've been able to complete the transfer and have Mr S's monies with Firm M any sooner than 30 calendar days.

Therefore, I'm of the opinion the following notional timeline should be used to determine whether Mr S has been impacted by the delay:

a. 11 June 2024 – transfer out instruction received

b. 17 June 2024 – Mr S completes T212's paperwork

c. 24 June 2024 – T212 validates the instruction and asks Mr S to liquidate his portfolio

d. 25 – 26 June 2024 – Mr S liquidates his investments

e. 8 July 2024 – T212 initiate payment

f. 11 July 2024 – Funds received at Firm M

This timeline acknowledges that it is more likely than not, that T212 would have used the full 30 calendar days. To calculate any loss, T212 should:

1. Compare the amount in (e) above with what was actually sent to Firm M on 13 July 2024. If the amount in (e) is greater than what was sent on 13 July 2024, a loss has occurred.

2. If a loss has occurred, T212 must seek evidence from Mr S to demonstrate what the transfer monies were invested in at Firm M once the original transfer completed on 17 July 2024 (Mr S states that his portfolio was representative of the FTSE100 Index).

3. T212 must then calculate what return those extra monies (i.e. the difference in amounts between (e) and what was actually sent on 13 July 2024), would have achieved had they been sent to Firm M and invested from 11 July 2024.

4. T212 must use the date Mr S accepts my final decision as the end date for the calculation.

5. T212 should then remit those monies to Firm M within 28 days of them receiving Mr S's acceptance of my final decision.

6. If T212 doesn't complete the remediation exercise set out above by the time limit in Step 5, they must add 8% simple interest per year to the redress from day 29 onwards.

I want to acknowledge that in the notional timeline I've crafted above, Mr S's monies would have been out of the market for a period of time and would not benefit from any investment growth. However, that is the nature of a cash transfer and can equally benefit the consumer too if the markets were to decline over the same period. However, as I've already explained, in light of the demands on their offering at the time Mr S elected to move his ISA, I'm not persuaded that T212 would have been in a position to move his monies any sooner than the 30 days, so I think acknowledging that within the approach set out above is fair and reasonable to both parties in the circumstances.

Distress and inconvenience

As well as putting right any financial losses in a complaint, we also consider the emotional or practical impact of any errors on a complainant. From what I've seen, Mr S had to contact T212 on a number of occasions to seek out updates on his transfer, so it's clear to me that he's been inconvenienced. As such, I require T212 to pay Mr S £150 for the inconvenience that they've caused him.

I'm satisfied that the above approach is fair and reasonable in all of the circumstances.

Responses to my provisional decision:

After reviewing what I had to say, T212 confirmed their acceptance of the provisional decision. In addition, they also said:

- We would just kindly ask the client to provide us with as much information as he can to show what he eventually invested in once the funds were received.

- We would also just like confirmation on whether we should apportion the same ratio of any loss calculated to the acquisition of the new shares the client purchased at the time, as any deviation from this would introduce the benefit of hindsight into proceedings.

Mr S responded to the decision, explaining that he accepted the outcome.

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.

As both parties have accepted the decision, I will focus on the single point raised around the redress calculation.

T212 should apply the same investment allocation that Mr S used when the funds were first invested at Firm M. This means using the exact ratio of shares or funds purchased at that time, as evidenced by Mr S's transactional statements and contract notes. This approach ensures fairness and avoids introducing hindsight into the calculation. For clarity, the hypothetical growth should be calculated from 11 July 2024 (the notional investment date) through to the date Mr S accepts my final decision. However, for the avoidance of doubt, if that calculation demonstrates that Mr S was made better off as a consequence of the original delay, I wouldn't expect him to refund any difference to T212.

To aide T212 in their loss calculation, Mr S should provide transactional statements and contract notes to them in a timely manner.

As a final point of clarification, in step 6 (above), I included a requirement to pay 8% p.a. simple interest for late remediation, but for the avoidance of any doubt, this applies only to the compensation amount and not to any hypothetical investment growth. Interest should accrue from day 29 following Mr S's acceptance of my final decision if the payment has not been made.

As neither party has presented any new information that's made me change my mind, it therefore follows that I have reached the same conclusion for the same reasons that I set out in my provisional decision above.

My final decision

I'm upholding Mr S's complaint in part and require Trading 212 UK Limited to put things right for him in the manner that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 December 2025.

Simon Fox
Ombudsman