

### **The complaint**

Mr H complains about the administration of his ISA transfer by VANGUARD ASSET MANAGEMENT, LTD. (Vanguard).

He complains that Vanguard didn't follow his instructions to carry out a partial in specie transfer from his ISA with another provider (provider 1) to Vanguard but instead sent instructions to provider 1 to sell all his holdings and carry out a full cash transfer.

Mr H says this caused him considerable distress and inconvenience as when he initially checked his ISA with provider 1, he thought he had been the subject of fraud. He also said Vanguard didn't confirm to provider 1 that it would take responsibility for several days and it took some time to undo the error and carry out the partial transfer as requested. Mr H says this caused him distress and inconvenience.

### **What happened**

On 17 November 2024 Vanguard received instructions from Mr H to make a partial in specie transfer from Mr H's ISA with provider 1 to an ISA with Vanguard.

On 20 November 2024 the request was submitted via the electronic Origo system.

On 25 November 2024 Vanguard contacted Mr H to raise an issue with the transfer. It said some of the funds were not available on its UK service so couldn't be transferred in specie. It gave Mr H two options: to proceed with a full cash transfer or exclude the non-tradeable fund and it sought his instructions.

Mr H responded on the same day and indicated he wished to exclude the non-tradable fund and transfer the others.

There were then several messages between Mr H and Vanguard with Mr H chasing up his transfer.

On 4 December 2024 Vanguard instructed provider 1 to sell all the holdings in Mr H's ISA and carry out a full cash transfer to his Vanguard ISA.

On the evening of 10 December 2024 Mr H became aware that the investments in his ISA with provider 1 had been sold and that his ISA was "empty." He tried to contact provider 1 but he was unsuccessful as it was closed at that time. Mr H contacted Action Fraud as he believed he had been the subject of a fraud or scam because he hadn't given instructions for a full transfer of his ISA with provider 1.

On 11 December 2024 Mr H was able to contact provider 1 who informed him it had received an instruction from Vanguard to sell his holdings and carry out a full cash transfer.

Mr H then contacted Vanguard and complained that all the holdings in his ISA with provider 1 had been sold. He asked Vanguard to contact him to explain what had happened. Mr H then sent a secure message chasing up Vanguard and asking it to call him.

Vanguard responded on the same day and apologised for the error. It gave Mr H different options and said once his transfer had been completed or resolved, the matter would be investigated with a view to putting Mr H in the correct position as if the error hadn't occurred.

Provider 1 informed Mr H that it would need confirmation from Vanguard that it accepted it had caused the sale of his holdings and it would make up any loss as a result.

There were further contacts between Mr H and Vanguard about the options available and Mr H asked Vanguard if it had confirmed in writing to provider 1 that it was responsible for the error.

On 13 December 2024 Vanguard confirmed to provider 1 that it was responsible for the incorrect sale of the holdings and on 16 December 2024 Provider 1 informed Mr H that it had received confirmation from Vanguard that it accepted responsibility for the error.

Mr H gave instructions for provider 1 to buy back his holdings and the buyback took place on 23 December 2024.

Mr H then confirmed he wanted to go ahead with the partial transfer on 27 December 2024, and the transfer took place on 17 January 2024.

Mr H complained to Vanguard, and it upheld his complaint and paid him £250 for the distress and inconvenience it had caused him.

Mr H didn't agree that the compensation paid by Vanguard reflected the level of distress and inconvenience Vanguard had caused him and referred his complaint to our service. He said £1,000 was a more appropriate figure. He also complained that Vanguard had taken too long to investigate his complaint and provide a final response.

Our investigator considered Mr H's complaint but didn't think it should be upheld. She agreed that Mr H had been caused distress and inconvenience, however she considered the £250 compensation paid by Vanguard to be fair and reasonable in the circumstances.

The investigator noted that Mr H had experienced a great deal of worry and anxiety during the process. She considered the communications between Mr H and Vanguard which she said showed that Mr H had experienced a lot of distress. The investigator also thought the communications indicated that Vanguard had taken the necessary steps to investigate the issue, identify the error and put things right for Mr H.

The investigator also noted that Vanguard had to correspond with provider 1 to confirm its liability.

The investigator considered that Vanguard had kept Mr H updated throughout the process and had tried to provide Mr H with support.

The investigator noted Mr H's dissatisfaction with the time it had taken Vanguard to respond to his complaint. She said that Vanguard was allowed eight weeks to investigate Mr H's complaint and that complaint handling wasn't a regulated activity, so it wasn't something our service could investigate.

Mr H disagreed and said that he considered £250 was inadequate compensation for

Vanguard selling his funds without his permission and the enormous stress this had caused him. He reiterated the value of the investments involved.

As no agreement could be reached Mr H's complaint was referred to me for review.

I issued a provisional decision where I concluded that Vanguard should pay Mr H a total of £350 for the distress and inconvenience it had caused him, so an additional £100 to add to the £250 it had already paid. I didn't agree that £1,000 was fair and reasonable compensation for the distress and inconvenience caused taking into account our guidance and the circumstances of the complaint.

Both parties were given an opportunity to respond with any further representations they wished to make.

Vanguard accepted my provisional decision and made no further representations. It said it agreed to make a further £100 goodwill payment.

Mr H didn't agree with the compensation I had outlined and in summary said:

- He found out on 10 December 2024 that over £200,000 had vanished from his account and he said Vanguard didn't confirm in writing that it was responsible for the error until 16 December. Mr H said prior to that he had only been advised verbally by Vanguard that *if* it had made an error, the error would be rectified. He said during that time he was constantly on the phone to Vanguard asking for confirmation in writing.
- He said Vanguard hadn't acted promptly when dealing with the error. Mr H noted that he requested the transfer on 17 November 2024, and it wasn't completed until 17 January 2025. However, his concern was that Vanguard hadn't reached a decision on his complaint until 17 February 2025.
- Mr H said the £250 offered by Vanguard wasn't reasonable compensation for the error it had made, which had caused him great stress and involved him spending hours on the telephone with the matter still not resolved at the end of 2025.

### **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.

I have carefully considered the representations made by Mr H but remain of the same view as in my provisional decision an extract of which is reproduced below and forms part of this decision.

#### "What I've provisionally 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.*

*To recap, Mr H wanted Vanguard to carry out an in-specie transfer of some funds to the value of approximately £12,000 from his ISA provider (provider 1) to Vanguard. In specie transfers tend to be more complicated than cash transfers so can often take longer.*

*Mr H instructed Vanguard to request the partial transfer from provider 1 in November 2024. There was an initial issue with that instruction as some of the funds Mr H wanted to transfer couldn't be transferred to Vanguard, so there was an initial period of delay which wasn't Vanguard's fault. However, Mr H gave amended instructions on 25 November 2024 so that Vanguard was then able to proceed with the partial transfer.*

*Unfortunately, Vanguard made an error on 4 December 2024 and instead of requesting a partial transfer of the selected funds, it requested a full cash transfer of Mr H's ISA. Provider 1 followed the instructions it had been given and sold Mr H's holdings. Mr H was shocked and upset when he looked at this ISA with provider 1 on the evening of 10 December 2024 and found that his holdings had been sold and as he describes in his complaint, his ISA with provider 1 was "empty."*

*Mr H was unable to contact either business on that day to find out what had happened. He was very concerned and so he contacted Action Fraud as he believed he had been the subject of fraud or a scam.*

*It wasn't until the next day that provider 1 confirmed that it received instructions from Vanguard and Vanguard also confirmed that it mistakenly given instructions to provider 1 to carry out a full cash transfer. Mr H has explained that he was extremely stressed and upset on the evening of 10 December which caused him to be unable to sleep that night. He said he continued be very stressed in the days that followed as he hadn't had confirmation that the matter would be resolved, so he didn't incur any financial loss. He points out that it wasn't until 16 December 2024 that provider 1 confirmed Vanguard had accepted responsibility for the error. Mr H said he had sleepless nights as a result.*

*I can see that Mr H would have been extremely upset to have suddenly and unexpectedly seen that the holdings in his ISA had been sold and moved, particularly as a significant sum, more than £200,000 was involved, which Mr H has described as his life savings.*

*While I take into account that Vanguard confirmed it had made an error on the first day it was contacted by Mr H, I accept Mr H's account that he was still concerned about his capital in the days that followed because it wasn't until 16 December 2024, that provider 1 confirmed there had been a formal acceptance of fault by Vanguard.*

*And it wasn't until 23 December 2024 that the buy-back of his original investments, sold by provider 1, following the receipt of incorrect instructions, could take place.*

*So, at that point, more than a month after he had first given instructions to request the partial transfer, he was no further forward in reality, with the partial transfer. And he had to wait until 17 January 2024 for that transfer to take place.*

*I note that Vanguard says on its website that ISA transfers typically take 30 working days. But here I think it more likely than not, that if the correct instruction had been given by Vanguard to provider 1 on 4 December 2024, Mr H's partial transfer would have happened much more quickly. I note that having given instructions on 25 November 2024, Mr H then gave in effect the same instructions on 23 December 2024, roughly a month later.*

*The parties agree that there hasn't been any financial loss as Mr H's holdings were bought back and placed back in his ISA with provider 1, and the partial transfer took place in specie, so he wasn't out of the market. So, I have to consider the non-financial impact caused to Mr H.*

*The impact on Mr H was the distress and inconvenience he was caused which I consider falls broadly in three overlapping areas; firstly the alarm and concern that Mr H felt when his holdings were sold and from his perspective moved from his ISA with provider 1, leading him to believe that he had been subject to a fraud, which lasted for almost one day. Secondly, the concern that for the initial period he didn't have complete confirmation, in the sense of a binding agreement, that Vanguard had accepted responsibility and would undo its error so*

that Mr H didn't sustain a financial loss. And thirdly, the time and effort and inconvenience he had to expend to ensure the mistake was undone, so that his original instruction for a partial transfer would take place, in addition to the time he spent waiting for that partial transfer to take place. So, I don't think that this is a case where his transfer was simply delayed, I think this was a more complicated set of circumstances.

I agree that Vanguard acted promptly to try and undo the mistake it had made. I take into account that it accepted it had made the error on 11 December 2024, and it acted to try to resolve the matter and broadly I think it kept Mr H updated. However, the nature of the mistake was that it had a significant impact on Mr H. As I have noted, a significant amount of money was involved, and I think the impact is also reflected in the contacts from Mr H during this period which I have considered carefully. So, I think Vanguard was made aware at an early stage that Mr H was in some distress. I also note that Mr H referred to a medical condition and the impact this issue was having on him when he spoke to Vanguard's representative.

*This is an informal dispute resolution service and the awards we make for distress and inconvenience are in line with our guidance which is available on our website. Every case is considered individually on its own particular facts and the impact of a mistake on one person may well be very different than the impact on another individual. However, our guidance gives an idea of what awards we might make.*

Vanguard has paid Mr H £250 for the distress and inconvenience caused. Mr H says compensation should be in the region of £1,000.

*In our guidance for awards we might make, the bracket for awards up to £300 is described in the following way:*

*"An award of up to £300*

*If an error has caused the consumer more than the levels of frustration and annoyance you might reasonably expect from day-to-day life, and the impact has been more than just minimal, then an apology won't be enough to remedy the mistake.*

*An award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation."*

*I acknowledge that Vanguard accepted responsibility at an early stage and acted to try to resolve the matter for Mr H so that he would not be financially impacted by its mistake. However, I am not persuaded on balance that £250 is sufficient compensation for the distress and inconvenience caused to Mr H.*

*The reason I say this is because there was acute stress in the initial period of approximately one day before Mr H could confirm that he hadn't been the subject of a fraud, but this was in addition to the other factors I have identified. The concern as to whether any financial loss would be remedied by Vanguard and the time and effort to undo this mistake and complete his original instruction.*

*As I have said, this was a significant amount of money which I consider was important to Mr H. In addition, as I have outlined, despite efforts by Vanguard, it was sometime before Mr H effectively found himself back in the position of giving transfer instructions and not really any further forward with his instruction – about a month after it had been made. So, I think taking that all into account, the next bracket of more than £300 and up to £700 is*

more appropriate here. That is described in the following way:

*"An award of up to £750*

*An award of over £300 and up to around £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact."*

*I think given the combination of factors I have described with it taking approximately two weeks for the buyback to take place and approximately an additional month for the partial transfer to be completed that the distress and inconvenience caused to Mr H falls at the lower end of this bracket.*

*The guidance is just that - guidance, and not prescriptive. Overall I consider £350 is a fair and reasonable sum in the circumstances.*

*As Vanguard has already paid £250, it should pay an additional £100 to make a total of £350.*

*I have taken into account Mr H's representation that Vanguard should pay him compensation of £1,000 and while I appreciate that he was very upset and distressed by what happened, I don't think that amount is fair and reasonable noting our guidance and given the time period involved and the early recognition of the error by Vanguard."*

I would like to respond to the representations made by Mr H in response to my provisional decision.

Mr H has reiterated that he didn't receive written confirmation from Vanguard accepting liability for the error and saying it would take responsibility for any financial loss caused until 16 December 2025. And I accept that not having some certainty in respect of acceptance of responsibility and how this matter would be resolved would have caused him concern. However, having looked carefully at the messages between Mr H and Vanguard I think some confirmation was given by Vanguard at an earlier stage, albeit this wasn't a formal written acceptance.

In a written message on 11 December 2024 Vanguard's representative referred to a telephone call with Mr H and said:

*"Once again sincerest apologies for the error that has occurred with your transfer instruction that has resulted in the selling down of all your XX (redacted) assets. Rest assured this will be investigated by our team upon the resolution/completion of your transfer and our team will ensure you're put in the right place."*

There were further messages, and on 13 December 2024 Vanguard's representative discussed the options open to Mr H in a written message and said:

*"- I can confirm that as your holdings were incorrectly sold due to a Vanguard error, our team would review how you have been financially disadvantaged due to our error and they would ensure the corrective action is taken to put you back in the correct position."*

So, I think as well as the telephone conversations that took place between Mr H and Vanguard, there was some confirmation from Vanguard that it had made an error and caused the holdings to be sold and that it would look at what action was needed to put Mr H back in the position as if the error hadn't taken place.

I acknowledge the distress Mr H would have been caused when he discovered his account was empty and the concern he would have felt until he was assured the error would be remedied, particularly considering the amount of money involved which he has described as life savings. And I don't seek to minimise the impact this had on him. But this is an informal dispute resolution service, and we award compensation for distress and inconvenience taking into account our guidance and the circumstances of the complaint to determine what is fair and reasonable. And on that basis, for the reasons I have already outlined in my provisional decision and above, I think a total of £350 is a fair and reasonable sum.

#### Complaint handling

Mr H has also raised the time it has taken for his complaint to be resolved as part of the reason he feels the compensation paid by Vanguard was insufficient. He points out that Vanguard didn't respond to his complaint until February 2025.

The first thing to note is that the regulatory framework allows businesses eight weeks from the date of the complaint to respond to complaints. The second is that as the investigator has outlined, complaint handling, is not, of itself, a regulated activity so not something that is within our remit.

I can take into account how long it took the transfer (a regulated activity) to be completed and for the holdings to be bought back – which I have considered when assessing the complaint. I note those issues were resolved *before* the response to Mr H's complaint was issued by Vanguard. And as I have said, once it was made aware of the error, I consider it acted promptly to try and undo the mistake it had made.

I can also consider whether the compensation offered by Vanguard was sufficient for the distress and inconvenience caused to Mr H by the error, and I have concluded it wasn't. But I cannot consider the complaint handling of itself, for example the fact the final response was issued by Vanguard in February 2025.

#### **Putting things right**

Vanguard should pay Mr H a total of £350 for the distress and inconvenience it caused him. As Vanguard has already paid Mr H £250, it should pay an additional £100 to make a total of £350.

#### **My final decision**

My final decision is that Mr H's complaint against VANGUARD ASSET MANAGEMENT, LTD. is upheld in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 December 2025.

Julia Chittenden  
**Ombudsman**