DRN-6032294

The complaint

Mr M complains that Trading 212 UK Limited ('T212') cancelled the transfer of his investment to a new provider without his permission. He states that because of the cancellation, he wasn't able to take advantage of a £1,000 joining bonus at the new firm he wanted to move his investment to.

What happened

On 30 August 2024, Mr M submitted a transfer request for his General Investment Account (GIA) to be moved from T212, the ceding provider, to a business that I shall call Firm B, the receiving provider. Mr M wanted to benefit from Firm B's incentive scheme that was running at the time that consisted of a £1,000 cash back offer pending the transfer of his investment to them.

A brief timeline of the events that are relevant to this complaint are as follows:

- 30 August 2024 - Firm B contacted T212 to place Mr M's transfer request.
- 30 August 2024 – T212 acknowledged the request and explained that they were working on the transfer, but that they needed the client's confirmation before the two firms could agree on the trade and settlement dates.
- 1 October 2024 - Firm B chased T212 for an update.
- 2 October 2024 – T212 responded to Firm B reiterating their earlier request (of 30 August 2024), that they needed the client agreement as well as trade and settlement dates.
- 8 October 2024 - Firm B confirmed the client agreement and suggested the trade and settlement dates.
- 15 October 2024 – T212 notified Firm B that they could only transfer a particular holding via a platform which Firm B didn't have access to. And so, the solution was to sell the holding in question and transfer it in cash to Firm B. However, T212 needed Firm B to obtain the client's consent before selling the holdings.
- 19 November 2024 – T212 notified Firm B that they were cancelling the transfer due to not receiving a response to their further request on 15 October 2024. T212 also wrote to Mr M explaining that they were cancelling the transfer.

Mr M responded to T212, explaining that they didn't have his consent to cancel the transfer, but despite this, T212 still proceeded to do so. Shortly afterwards, Mr M decided to formally complain to T212. In summary, he said he was unhappy that the transfer had been cancelled without his agreement.

On 2 December 2024, Firm B wrote to T212 to explain that their non-responsiveness was due to waiting on confirmation from Mr M on whether he wished to sell his holdings.

After reviewing Mr M's complaint, T212 didn't agree that they had treated him unfairly by cancelling the transfer, as they had been waiting for information from Firm B for over 30 days. However, T212 did agree that they had overlooked his formal complaint and offered an apology in recognition of this.

Mr M was unhappy with T212's response, so he referred his complaint to this service. To put things right, Mr M stated that he felt T212 should pay him the £1,000 bonus he'd have received, had the transfer not been cancelled.

The complaint was then considered by one of our Investigators. She concluded that T212 hadn't treated Mr M unfairly and she also said, in summary:

- T212 couldn't process the instructions that had come in from the receiving provider and replied saying so on 15 October 2024, with a reasonable solution in a manner which was prompt and didn't cause any unreasonable delays.

- COBS 6.1H.6 R requires firms to contact the client in the event their instructions can't be processed.

- In this context, Mr M hadn't provided any instructions to T212 directly to initiate the transfer, his instructions had been provided to the receiving provider. It isn't expected that the ceding provider will chase up instructions directly from the customer as this is the role of the new provider. And for that reason, she was satisfied it was fair and reasonable of T212 to have responded directly to the receiving provider, as they did on 15 October 2024, and not directly to Mr M.

- Transfer requests can't be left open indefinitely, and so she thought it was more than reasonable for T212 to cancel the transfer if a response for next steps hadn't been provided for over 30 days.

- In relation to the delay in providing a final response to the complaint, she agreed that this fell below their expected service and was glad that this has been acknowledged by a way of an apology but didn't think further action needed to be taken for this error.

Mr M, however, disagreed with our Investigator's findings. In summary, he said:

"*It appears to me that you have received representations from Trading 212. I have not seen those representations.*

Your Findings state: "In this context, you hadn't provided any instructions to Trading 212 directly to initiate the transfer."

That is not correct. Trading 212 contacted me directly on 2 October 2024 in order to obtain my instructions to initiate the transfer: attached is the email from Trading 212 of that date.

Trading 212's email said:

"Hi [Mr M],

We have received a transfer request from [Firm B].

To proceed, we need your confirmation.

1. Log in to the Trading 212 app.

2. Review the transfer details and terms.

3. Follow the in-app instructions to provide your consent.

You can track your request in the app.

Track your transfer".

I then duly provided my transfer instruction directly to Trading 212.

I do not know the source of the allegation that I "hadn't provided any instructions to Trading 212 directly to initiate the transfer", but it is wrong.

Despite receiving my direct transfer instruction, Trading 212 failed to contact me at the earliest opportunity to request further instructions. I was reasonably led to expect that I would hear from Trading 212 in the event of its being unable to give effect to all or a part of my transfer instruction.

In any event, quite apart from Trading 212's previous direct contact with me and the fact that it took my instructions to transfer directly, it was an express requirement of COBS 6.1H.6 R that I be contacted: "...it must contact the client at the earliest opportunity to request further instructions".

The FCA drafted the COBS rules very carefully. If the FCA had intended that Trading 212 could contact the receiving platform rather than the client in the event of inability to execute a transfer request, then COBS 6.1H.6 R would have said "...it must contact receiving platform at the earliest opportunity".

The term "receiving platform" is used in the definitions section at COBS 6.1H.2 (""transfer" means the process of transferring a client's investment from existing arrangements with a platform service provider ("ceding platform") to separate arrangements with another platform service provider ("receiving platform")"), but not in COBS 6.1H.6.

The words instead used were "the client". The word "client" was a defined term which referred to me in this situation. Client control over transfers is an important principle of COBS 6.1H and it would be seriously undermined if Trading 212 could unilaterally cancel transfer requests without taking client instructions in this type of situation.

I should note for completeness that the reference to "19 November 2025" appears to be incorect because that date is in the future. I assume that '2024' should have read '2025'.

In addition, I note that Trading 212 was not acting properly when on 2 October 2024 it alleged to [Firm B] that client confirmation was outstanding. Trading 212 had not asked me for my confirmation until 2 October 2024, despite the fact that [Firm B] had contacted Trading 212 on 30 August 2024 (over a month earlier). Trading 212 appears to have represented to [Firm B] on 2 October 2024 that it was waiting for something from me, when in fact it had not asked me for it."

Our Investigator was not persuaded to change her view as she didn't believe Mr M had presented any new arguments she'd not already considered or responded to. Unhappy with that outcome, Mr M then asked the Investigator to pass the case to an Ombudsman for a decision.

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 summarised this complaint in less detail than Mr M 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 M 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 not upholding Mr M's complaint – whilst there's not a great deal more that I can meaningfully add over what our Investigator has set out, I'll explain why below.

When a consumer wishes to move their monies from an existing scheme to a new offering, ordinarily it's the receiving provider who gives the instructions to the ceding scheme. Those instructions normally consist of confirmation of the customer's details, how the monies should be moved, either as cash or in-specie (which simply means transferring any existing investments in whole rather than selling them) along with how and where to remit the assets.

If any of that information is missing or if the ceding provider needs clarification on any of the instructions provided, the normal process is for the ceding scheme to approach the receiving scheme for information. However, if the ceding scheme doesn't receive a response back within a pre-defined timeframe, it's not uncommon for them to cancel the transaction.

Importantly, in the absence of clarity, the ceding scheme would not typically be expected to approach the consumer to clarify matters, their responsibility is to liaise with the customer's new intended provider. But, if the ceding scheme doesn't receive a response from the receiving scheme, they can't be expected to keep the transfer request open indefinitely.

I think at this point, it's important to explain the nature of the investment that Mr M held with T212 that he wanted to move to Firm B, a GIA. Unlike ISAs, the regulator doesn't mandate a set timescale within which providers must move consumers' monies to a new firm once in receipt of the correct instructions. However, despite the absence of a hard 30 calendar day time limit (as is the case with investment ISA transfers), the regulator still expects firms to act promptly.

But, not all transfer requests ultimately result in the monies being moved. Transfers can end up terminating part way through a process for a number of reasons and it's not uncommon, for example, if the customer changes their mind or if the receiving scheme isn't able to accept the type of investments the consumer wishes to move to them. So, when a ceding firm doesn't hear anything back following a transfer request, it doesn't always necessarily point to a problem, particularly when they've clearly set out to the receiving scheme what's needed for the transfer to take place.

Having looked at the timeline of events that occurred, it seems to me that T212 acted promptly when they received the initial transfer request in from Firm B on 30 August 2024; T212 responded to them the same day with what was needed to progress the switch. When Firm B chased T212 for an update on 1 October 2024, T212 responded the following day. T212 then provided a further update to Firm B on 15 October 2024 but didn't hear anything back from them until 2 December 2024. But, that's not T212's fault.

I've looked at the message that Mr M has referred to in his response to the Investigator's initial view of his complaint. T212's email to Mr M on 2 October 2024 appears to have been a routine step to obtain authority to engage with Firm B, rather than part of the information exchange concerning the untransferable asset, which from what I've seen, having had that authority, they did engage with them. I do not think this single point of contact changes the standard expectation that the receiving provider leads communications with the consumer. But in any event, the roadblock in dealing with the transfer, was not about the general consent of it, but lack of instruction on how to deal with a specific holding requiring a sell-or-not decision.

On 15 October 2024, T212 wrote to Firm B about that issue, explaining:

> "*We can transfer IEXXXXXXXXXX14 via EUROCLEAR only.*
>
> *Please let us know if the client would like to sell the holding and have the cash transferred or we should cancel the request*".

It then seems that Firm B reached out to Mr M to understand his wishes. Firm B wrote to T212 on 2 December 2024 to explain that they had not heard back from Mr M to understand how he wanted to proceed with the transfer but by that point, the transfer had already been cancelled.

I've also thought about what Mr M has said about the regulator's, COBS 6.1H.6R rule. That rule states:

"*If a Platform Service Provider is unable to give effect to all or part of a Client's transfer instructions, it must contact the Client at the earliest opportunity to request further instructions."*

In this case, the instruction that couldn't be processed related to how a particular holding should be dealt with, specifically, whether it should be sold to enable the transfer. That information was being sought from the receiving provider, because under the standard transfer process it's the receiving provider who obtains and relays the client's detailed instructions to the ceding provider. So, although T212 did contact Mr M earlier in the process for general consent to engage in the transfer, the later clarification required was part of the firm-to-firm information exchange rather than a point where the client's own direct instructions were missing. For that reason, I'm not persuaded that COBS 6.1H.6R obliged T212 to bypass Firm B and contact Mr M directly before deciding whether to continue or cancel the transfer.

I'm satisfied that T212 acted in a timely manner when they received the transfer request from Firm B but because they didn't receive a response to a legitimate question, the transfer couldn't proceed so I think it was reasonable that they cancelled the transfer request after more than 30 days without a response. I therefore can't reasonably conclude that T212 should pay Mr M the £1,000 transfer bonus that he says he's missed out on.

In his complaint to this service, Mr M has explained that he didn't think T212 were taking their regulatory responsibilities seriously given the length of time they'd taken to respond to

his complaint. From what I've seen T212 have already apologised to Mr M for the time taken to respond to his concerns. I should explain that complaint handling isn't a regulated activity so I typically can't comment on how well firms handle the complaints that they receive.

My final decision

I'm not upholding Mr M's complaint and it therefore follows that I won't be instructing Trading 212 UK Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 April 2026.

Simon Fox
Ombudsman