

The complaint

Mr N has complained about the process of transferring his Stocks and Shares ISA (“ISA”) from Vanguard Asset Management Limited (“Vanguard”) to Trading 212 UK Limited (“T212”) and is seeking compensation for financial loss and distress and inconvenience.

What happened

On 7 January 2025, Mr N contacted T212 and sought to initiate an ISA transfer from Vanguard to T212. Specifically, Mr N sought to transfer holdings in the following Vanguard funds: (1) Vanguard FTSE All-World UCITS ETF (“VWRL”), (2) Vanguard FTSE Japan UCITS ETF (“VJPN”), (3) Vanguard FTSE Emerging Markets UCITS ETF (“VFEM”), (4) Vanguard FTSE Developed Asia Pacific ex Japan UCITS ETF (“VAPX”), and (5) Vanguard S&P 500 UCITS ETF (“VUSA”) (collectively the “Vanguard Holdings”).

Unbeknownst to Mr N, the process initiated was actually a general investment account (“GIA”) transfer rather than the Stocks and Shares ISA account transfer that he had intended (the “ISA transfer”). The process ultimately failed as Mr N did not have a GIA account with Vanguard.

After the initial transfer request, Mr N contacted T212 and Vanguard for updates about the proposed transfer.

Vanguard informed T212 that the process had failed on 21 January 2025 and, ultimately, T212 informed Mr N about the issue on 31 January 2025.

Mr N initiated the transfer process again on 31 January 2025 but was told by T212 this could not go through because the VWRL, VJPN, VFEM and VAPX holdings could not be transferred in-specie (the “Four Vanguard Holdings”). T212 informed him there was no such issue with the VUSA holding. Mr N initiated the transfer process again on 5 February 2025, with those shares that could not be transferred in-specie first sold by Vanguard for cash which would then be transferred to Mr N’s ISA account at T212.

Vanguard sold the shares in early February 2025. In March 2025, Vanguard and T212 sought to agree dates for the transfer. Both Vanguard and T212 state that the transfer was further complicated by issues concerning the correct paperwork that needed to go with the transfer (specifically concerning the Transfer History Form (“THF”). The transfer was ultimately concluded on 31 March 2025.

Throughout this process Mr N chased T212 and Vanguard repeatedly for an update and to help the transaction move on.

Mr N complained to Vanguard about the delays with the ISA transfer and the inconvenience this had caused him. In particular, he had to make numerous calls to them and felt he had to act as an intermediary for them with T212. He was also unhappy about the number of letters he had to provide of his secure password during a call with Vanguard, which he felt was inappropriate.

Vanguard issued its final response letter on 5 May 2025, partially upholding Mr N's complaint. It did not accept Mr N's complaint about its security vetting process. However, it accepted that Mr N was given misleading information in January 2025 (when it said that Vanguard would proactively inform him if there were any issues with the transfer) and it also accepted it was responsible for some of the delay in the transfer. It offered to conduct a financial loss assessment to determine if Mr N had suffered any financial loss and to the extent there was any, financial compensation would be paid into Mr N's T212 account. In addition, it offered Mr N £150 compensation. Mr N did not accept the offer from Vanguard.

Upon our service receiving a complaint from Mr N, our investigator partially upheld Mr N's complaint. The investigator was of the view the compensation for distress and inconvenience should be increased to £300. Additionally, the investigator concluded that if any loss was found by Vanguard, compensation ought to be in the form of units or shares equivalent to loss being put into Mr N's account. The investigator did not uphold Mr N's complaint about Vanguard's security vetting process.

Subsequently, Mr N provided Vanguard with information to assess financial loss. In particular, he specified certain trades that were made after the ISA transfer. We requested this information from Mr N, but he did not provide it. Vanguard and Mr N are in disagreement about what trades should be considered in the determination of loss.

As an agreement couldn't be reached, the complaint was referred to me for an Ombudsman's decision. I issued my provisional decision on 19 December 2025. I've included an extract from it below.

"Complaint regarding security questions"

Mr N has expressed dissatisfaction with the security questions asked during a telephone call with Vanguard. I do not intend to uphold this aspect of the complaint, as firms are required to implement robust security measures to comply with regulatory obligations, and these may vary between businesses. Such measures exist to protect consumers and their investments from unauthorised access. Accordingly, it wouldn't be fair or reasonable to challenge Vanguard's security protocols.

Delays during the period 7 January to 5 February 2025

For the period between 7 January 2025 and 5 February 2025, I find that Mr N and T212 (and not Vanguard) were ultimately responsible for the delays to the transfer process.

I am satisfied that Mr N incorrectly initiated (from his T212 account) a GIA transfer instead of an ISA transfer and that he was therefore primarily responsible for the initial delays.

Vanguard notified T212 on 21 January 2025 that "we have to reject your application at this time because the clients[sic] does not hold a GIA with us". Vanguard has accepted responsibility for a delay of 3 business days from 16 January to 21 January 2025 on the basis that from 16 January 2025 it ought to have been in a position to relay this information to T212. However, I think T212 already had enough information from Mr N, i.e. by 15 January 2025 (when Mr N contacted them about his "inbound ISA share transfer"), to have concluded there was a mistaken transfer afoot and taken steps to correct the matter and so I don't think it would be fair and reasonable to hold Vanguard responsible for this delay.

Vanguard has also accepted that during this period Mr N was incorrectly informed that he would be contacted if there were any issues with the transaction, when in actuality it would have been its policy to only inform T212 (which it eventually did). Whilst I agree this was a mistake, this did not cause any delays.

T212 was responsible for further delays thereafter as it (1) failed to inform Mr N about the failed transfer after it had been notified of it by Vanguard (only confirming the position on 31 January 2025, despite being chased by Mr N for an update on multiple occasions prior to that) and (2) failed to provide him sufficient information which ultimately meant he opted for an in-specie transfer of the Vanguard Holdings when this was not possible for the Four Vanguard Holdings, leading to a delay until 5 February 2025 (which is when T212 informed Mr N of the issue with the Four Vanguard Holdings and he instructed Vanguard to sell those holdings to facilitate the transfer).

On the basis of the above, I conclude that T212 was responsible during this period for a delay of 21 calendar days (from 15 January to 5 February 2025).

Delays during the period from 6 February to 31 March 2025

For the period from 6 February to 31 March 2025 I find that further avoidable delays occurred. However, whilst T212 remained involved in the transfer, I find that the delays that occurred from 6 February 2025 were the fault of Vanguard.

I note that on 6 February 2025, following receipt of instructions from Mr N to do so, Vanguard was able to sell the Four Vanguard Holdings, leaving approximately £3,600 in cash waiting to be transferred (along with the VUSA holdings that could be transferred in-specie).

From 6 February to 2 March 2025, there appears to be an unexplained delay from Vanguard to contact T212 and agree transfer and settlement dates. Vanguard has itself accepted in, for example, its Complaint Timeline that there were significant unjustified delays during this period on its part.

On 2 March 2025, it contacted T212 and suggested a transfer date of 6 March 2025 and a settlement date of 10 March 2025. T212 responded confirming its agreement to those dates. Unfortunately, it appears that Vanguard did not do its part to effect the transfer and settlement so these dates were missed. This appears evident from Vanguard's own Complaint Timeline, which indicates that whilst steps to re-register VUSA holdings which could be transferred in-specie had begun by late February 2025, culminating in formal authorisation on Sunday 2 March 2025 with T212 confirming the transfer around 14 March 2025, there does not appear to be any record of any process initiated in respect of the cash holdings that also needed to be transferred until 13 March 2025 (following Mr N chasing Vanguard). Internal authorisation for the cash transfer was granted on 16 March 2025, and an attempted transfer took place the following day. Vanguard has provided no explanation as to why steps to initiate the cash transfer only appear to have been initiated well after the agreed transfer and settlement dates.

Further delays were caused by issues concerning the THF which Vanguard needed to send to T212 with the transfer, and for which I consider Vanguard responsible. In particular:

- Vanguard attempted the cash transfer on 17 March 2025 but failed to provide the THF as requested by T212 in its 3 March and 13 March messages to Vanguard. T212 eventually returned the cash to Vanguard 4 days later on 21 March 2025.*
- At some point between 21 March and 28 March, Vanguard sent the THF but unfortunately there was an issue with the figures. Specifically, T212 stated that Vanguard needed to specify the nature of the transfers (i.e. "cash, in-specie or a combination of both") and mentioned that the "transfer value quoted on the THF, differs to the amount we have received" and asked for a revised THF that would address these issues.*

- *It wasn't until 31 March 2025 that Vanguard was able to finally send a correct THF along with the cash to T212. This was accepted by T212 and so ultimately allowed the transfer to take place on that date.*

As mentioned, Vanguard has accepted it was responsible for significant delays during this period. I agree with that conclusion.

I think a reasonable timeframe to have completed the transfer was three weeks from 6 February 2025, which I base on the following (1) the relatively small value and quantity of shares involved in the transfer, (2) the fact the Four Vanguard Holdings were sold with ease by 6 February and were ready for transfer from that date, (3) a significant portion of the transfer was for cash which is usually a speedier process, and (4) I see no significant or special circumstances that would have justified a drawn out process.

On that basis, I consider that the transfer should have been completed by 27 February 2025 (leaving aside the issue of the delays caused by T212 prior to 6 February 2025, which I address further below) but as it wasn't completed until 31 March, I consider Vanguard's actions caused a delay of 32 days.

I should also mention that during this period, Mr N chased Vanguard to find out what was happening with the transfer on multiple occasions including on 10 and 15 February 2025 on 3, 13 (twice), 26, 27 (twice), 29 and 31 March 2025. Notably, during a call on 27 March 2025 Mr N referred to feeling "anxiety" over the transfers. Further, in an email on 31 March 2025, Mr N referred to the emotional toll the transfer process had taken on him and mentioned having "headaches on multiple occasions".

Assessing appropriate compensation

I agree both with Vanguard and the investigator that Mr N should be compensated for any loss he has suffered as a result of the delays. However, as I have indicated above, it is clear that both T212 and Vanguard collectively share responsibility for the delays in the overall ISA transfer process. Whilst I have indicated that Vanguard is responsible for approximately 32 days of delay, it is also true (as mentioned above) that T212 was responsible for approximately 21 days of delay.

I think a fair approach to compensation would be to apportion liability based on the relative responsibility for the delays. Given the collective delay was 53 days, that means Vanguard is responsible for approximately 60% of the delay and T212 is responsible for approximately 40%. Accordingly, to the extent there is any loss suffered by Mr N, Vanguard should pay 60% and T212 should pay 40%.

When assessing financial loss, my role is to put Mr N in the position he would have been in had the transfer been completed on time. This requires the construction of a counterfactual scenario: namely, what Mr N would have done had the funds been available on 5 February 2025, rather than 31 March 2025. The exercise is necessarily artificial, but it must be grounded in evidence of Mr N's trading behaviour and the realities of market practice.

I don't accept that every trade after 31 March 2025 can be contributed to the delay. To allow such an approach would make any compensation too open-ended, speculative and remote. Instead, I think it appropriate to identify a reasonable trading window, that would have due regard to the time Mr N took to deploy the funds once they were received and what would be a reasonable timeframe for making trades given prevailing market conditions.

Mr N has indicated it took him about "23 days or so" to "get back into the market", although

Mr N has not provided details of the trades he made (despite being requested to do so). He indicated this timeframe was due to “market turmoil” at the time. I accept Mr N’s explanation for the timing of the trades. In light of this, I think it reasonable to consider trades made within 4 weeks of 31 March 2025 (i.e. between 31 March and 28 April 2025) for the purposes of assessing loss. I think seeking to assess losses in respect of trades beyond that period becomes, as indicated above, simply too open-ended, speculative and remote.

Moreover, given that there was also market volatility in February 2025, it is reasonable to infer that, had the funds been available to Mr N on 5 February 2025, he likely would have traded in a similar period thereafter. I therefore think that the appropriate counterfactual trading window is four weeks following 5 February 2025 (i.e. from 5 February to 5 March 2025). Within that window it would be necessary to determine the price at which Mr N would have acquired the relevant shares. Given the volatility of the market during that period and given we cannot realistically determine precisely what day commensurate trades would have been made in the 5 February to 5 March 2025 period, it would be artificial to select a single day’s price. I think it would therefore be appropriate to take the average of the prices prevailing during the counterfactual window, thereby smoothing daily fluctuations and avoiding hindsight bias.

Accordingly, the measure of damages in respect of funds that were invested between 31 March and 28 April 2025 is the difference between (a) the average price of the shares during the counterfactual window (5 February to 5 March 2025) and (b) the actual price paid by Mr N for the shares. To the extent that trades were made outside the 31 March to 28 April 2025 window, they are excluded from this aspect of the loss calculation.

I note that Vanguard has argued that only trades within 10 business days of 31 March should be considered for determining loss. For the reasons mentioned above, I don’t believe that approach would be appropriate.

In respect of any of funds that were not invested between 31 March and 28 April 2025, loss should be assessed by looking at any interest that would have accrued in the T212 ISA account during the core period from 5 February to 31 March 2025, less any interest accrued whilst the monies remained with Vanguard during the same period (which I understand to be approximately £50 according to Vanguard).

To the extent there are any gains and losses as between trades and interest, these should be netted against each other as appropriate to determine whether there has been an overall loss.

I do not see that there is any indication of loss in respect of the in-specie transfer of the VUSA holdings and think these should be excluded entirely from the loss calculation.

On the basis of the above, Vanguard should liaise with T212 and Mr N and determine what loss (if any) has been caused by the delay and pay its share of the loss (i.e. 60%).

Further, in light of the significant delays Vanguard caused (which spanned a number of weeks), the incorrect information it provided Mr N (i.e. in January 2025), the number times Mr N had to liaise with Vanguard for an update, and the overall negative impact this had Mr N’s wellbeing (causing him anxiety and headaches) I do think the compensation of £150 offered by Vanguard is insufficient and I agree with our investigator that £300 would be more appropriate for the distress and inconvenience Mr N has suffered.”

I have not received a response from Mr N following my provisional decision. Vanguard has responded confirming its broad agreement with my findings. However, it has queried my redress methodology.

- It has questioned why there has not been separate consideration for potential loss deriving from the delay in Vanguard being able to sell the shares due to the initial 21-day delay which I attribute mainly to T212.
- They have also suggested that the loss on investments following the transfer ought to be determined by simply backdating by 53 days any relevant trades and using whatever the share price was at that date.

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 reconsidered this complaint and taken into account Vanguard's additional comments, I'm upholding the complaint in part.

As neither party has disputed my findings regarding the security questions and the fact there was a delay and who was responsible for it, I won't comment further on those matters.

The only issue left for me to consider is the points raised by Vanguard regarding the redress methodology. Whilst I understand the points Vanguard has made about this, I'm satisfied that my methodology is correct and I'll explain why.

Mr N's loss arises from the 53-day period during which he was unable to reinvest his ISA funds. The delay in selling the shares and the delay in transferring the cash are not separate losses; they are sequential steps in the same causal chain that prevented reinvestment. Compensating for both the sale delay and reinvestment delay would double-count the same market movement. The fair approach is to apportion responsibility for the 53-day delay between Vanguard and T212 based on the delay each caused, and to assess loss based on the customer's inability to reinvest during that period.

Whilst I can understand 53-day backdating might be appropriate in some cases, in the present case this is not appropriate as Mr N indicated that his investment timing would be affected by market volatility in February 2025 and so there is far less scope for plausibly suggesting he would have made commensurate trades precisely 53 days earlier. I therefore think in these circumstances it would be more appropriate to assess average prices during the counterfactual window.

Putting things right

Considering the delays it caused and the impact this has had on Mr N, Vanguard Asset Management Limited should:

1. Pay Mr N 60% of any loss Mr N may have suffered as a result of the 53-day delay using the redress methodology specified in my provisional decision and reproduced above in this final decision.
2. Pay Mr N £300 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint in part and direct Vanguard Asset Management Limited to put things right as I've set out above.

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

Zaib Malik
Ombudsman