

The complaint

Mrs W complains that Interactive Investor Services Limited ('IISL') failed to process her 'Bed and ISA' request in a timely manner. She states that their delays will result in her paying more tax.

What happened

Mrs W has a trading account and investment ISA with IISL. On 7 April 2025 at 8:12am, via IISL's mobile app, Mrs W placed a 'Bed and ISA' instruction on her holding of Jupiter India I Acc fund and understood the relevant transactions would be done at the next valuation point – midday on 7 April 2025. Several days later, Mrs W discovered that IISL had actioned her instruction at 5:48pm on 7 April 2025, and therefore the transactions would've been completed using the price at the 8 April 2025 valuation point.

Unhappy, Mrs W complained to IISL about the time taken for them to execute her instruction. In IISL's final response letter to her complaint, they explained that they didn't think that they'd done anything wrong. They also said, in summary: *"Bed and ISA instructions are worked strictly in time and date order of receipt"* and that Mrs W was advised *"Bed and ISA instructions are carried out as soon as practicable. Due to increased volumes at the start of a new tax year, these may take longer than usual to process. Please do not submit any request more than once."* in the secure message that was sent after submitting her instruction. IISL felt that Mrs W had been suitably informed of the process involved.

Unhappy with IISL's response, Mrs W referred her complaint to this service. The complaint was then considered by one of our Investigators. She concluded that IISL hadn't treated Mrs W unfairly. She also said, in summary:

- She couldn't say that IISL had made an error of failing to adhere to the agreed terms when they executed Mrs W's instruction several hours after she had placed it.
- Previously IISL has told Mrs W *"Once a trade is placed in a fund, providing it is prior to the cut off of the fund, we will then send the order to the fund manager where they will place the trade at that particular day's price. If the trade is placed after the cut off for that day, it will receive the next day's price."*
- IISL's website contains information/help pages covering a variety of topics. This page also explains about order cut off times, which states: *"Each fund has specific cut off time for orders to be dealt at that day's valuation. If you place your trade after the cut off time, it will be traded at the next day's valuation. We require you to place your order at least one hour before the cut off time."*
- She had reviewed the Bed and ISA transfers help page and the "important information" screen that would have been presented to Mrs W immediately prior to submitting her instruction. That was to see if anything contradicted what Mrs W had been previously informed of regarding the transacting of funds. Having looked at that insight, she didn't

think it did.

- Mrs W placed her instruction more than three hours prior to the fund's valuation point and wasn't presented with any information, prior to submitting the instruction, that indicated she might not receive the price at the next valuation point. Therefore, our Investigator didn't consider it unreasonable that Mrs W expected she would achieve the price at next valuation point.
- As our Investigator was satisfied that IISL didn't act outside of the agreed terms when executing Mrs W's order, she decided not to suggest that IISL needed to adjust her accounts to reflect the transaction price to that of the fund price of 7 April 2025.
- However, as the information IISL supplied Mrs W caused the expectation that she'd receive the price at the next valuation point and this wasn't what happened, IISL had caused her some distress due to this loss of expectation and she therefore recommended IISL compensate Mrs W £100.

Mrs W, however, disagreed with our Investigator's findings. In summary, she said:

- Her Bed and ISA instruction was placed at 8am when the App became operational on 7 April 2025. She then received a secure message from IISL confirming acceptance of her order. It stated: *"Once we have accepted your completed application and this has been confirmed by us, you [ii's "retail client" clause 1.1] have an agreement with us ["We will carry out each transaction for you, as your agent" clause 2.1 as set out in the Contract"]*.
- The following clauses were important: Clause 3.2 states: *"You may only place Orders on our Website, by telephone or by using our Trading Apps. Orders shall be received as detailed in clauses 3.7 and 3.8."* and Clause 3.8 states: *"When you place an Order on our Website or through the Trading Apps, no contract has been created until you receive a message confirming the acceptance of your Order. If you do not receive this confirmation within a reasonable time of submitting your Order you should contact us to check if your Order has been received."*
- IISL's secure message confirming acceptance of her Bed and ISA fund order didn't indicate that she might not receive the price at the next valuation point at 12 noon on 7 April 2025. Her Bed and ISA order wasn't actioned until the 8 April 2025 valuation point.
- That meant the following Clauses were also important: *"All transactions are subject to the rules and customs of the relevant exchange, market and/or clearing house and to any other applicable rules, regulations and/or laws so that: 28.3.1 if there is any conflict between them and these Terms, the former will take precedence; 28.3.2 we may take or omit to take any action we think appropriate to ensure compliance with them"*.
- As funds are only priced once a day, in accordance with IISL's clause 28.3, her Bed and ISA order should have been subject to the rules and customs of funds trading, in particular the Jupiter Unit Trust Managers Limited terms and conditions which take precedence over IISL's terms of service.
- She felt that Jupiter's terms and specifically, Clause 2.1.2 detailing their specific timescales and how their orders are executed, were important.
- As the price for the Bed and ISA was higher on 8 April 2025 (245.98p) rather than on 7 April 2025 (238.07p), the implications are that the transaction was based on a higher unit price and fewer units transferred to her ISA. This will result in more capital gains tax being due, an additional £271.73 and 270.15 units not transferred to the ISA on which

more capital gains tax will be payable.

Our Investigator was not persuaded to change her view as he didn't believe Mrs W had presented any new arguments she'd not already considered or responded to. Mrs W then asked the Investigator to pass the case to an Ombudsman for a decision.

After looking closely at what both parties had to say about the matter, I decided to issue a provisional decision on the complaint as I was minded to reach a difference conclusion to that of our Investigator and not uphold Mrs W's complaint. This window aimed to give both parties the opportunity to consider what I had to say and provide any final comments before I reached my final decision.

What I said in my provisional decision:

I have summarised this complaint in less detail than Mrs W 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 Mrs W and IISL 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 planning on upholding Mrs W's complaint - I'll explain why below.

IISL are regulated and authorised by the Financial Conduct Authority (FCA). And, as you might expect, the FCA sets clear rules and expectations that firms such as IISL must follow when handling client orders. I have considered the requirements placed on IISL under the FCA's order-execution rules in COBS 11.2A. These rules require firms to take all sufficient steps to obtain the best possible result when executing client orders and to operate in accordance with their published order-execution policy. However, it's important to be clear here that the rules do not require IISL to guarantee that a fund order will be executed at a particular valuation point, nor do they prevent a firm from managing orders in strict time-received sequence or from operating internal queues where volumes are high.

In this case, IISL's terms clearly explain that delays can occur and that orders are handled strictly by reference to the time of receipt. Clause 3.10.3 states:

"You acknowledge and accept that:

there may be a delay in the execution of an Order because all Orders are executed strictly by reference to time of receipt. In particular, an Order received when the relevant exchange is closed or not on a Business Day will not be executed until after it next re-opens. We will present that Order for execution when the exchange next re-opens or, if a large number of Orders have been received while the market is closed, as soon as reasonably practicable after the exchange next re-opens;"

A Bed and ISA transaction also involves an additional administrative process before a fund order can be sent to the fund manager. Having reviewed IISL's policy, the fund's own

dealing rules and the actual sequence of events, I am satisfied that IISL processed the instruction in line with their published approach and the FCA's order-execution requirements. I'm not persuaded that IISL failed to treat Mrs W fairly or that they acted outside the regulator's expectations by submitting the trade for the next available valuation once the order reached the front of their processing queue.

It may be helpful to explain here that for fund orders, the key regulatory distinction is between the time a customer submits an order to the platform and the time the platform submits a valid dealing instruction to the fund manager. A customer submitting an instruction before a fund's cut-off time does not automatically mean the firm must forward that order to the fund manager the same day, particularly where, as here, internal administrative steps form part of the process. In this case, IISL processed Mrs W's order in accordance with their published approach, and once the required steps were completed, they submitted the trade for execution at the next available valuation point.

I'm also satisfied that IISL's approach of queuing and processing Bed and ISA instructions strictly in the order they are received is a fair way of managing client orders. Handling orders on a time-received basis ensures that no customer is given preferential treatment and that all instructions are treated consistently during periods of high demand. This method of 'stacking' orders is a recognised and a reasonable way for firms to manage operational workloads, particularly where additional administrative steps are required before an order can be sent to a fund manager. In these circumstances, I can't reasonably conclude that IISL's use of an internal queue is unfair or inconsistent with treating customers fairly.

I have also considered Mrs W's reliance on clause 28.3 and the dealing rules of Jupiter Unit Trust Managers Limited. While it is correct that the fund manager's rules take precedence where a conflict exists, I have not seen evidence of such a conflict here. The fund's rules set out how trades presented *to the fund manager* are priced; they do not dictate the timeframe within which IISL must complete the internal administrative steps required for a Bed and ISA instruction. As IISL must complete these preparatory steps before sending any order to a fund manager, the fund's dealing rules do not prevent IISL from placing the trade at the next available valuation point once the instruction reached the front of their processing queue.

In considering Mrs W's argument about her reasonable expectation that the transaction would be executed at the next valuation point, I have also looked closely at the wording of IISL's acceptance message and supporting clauses. While clause 3.8 explains that a contract forms once an order is accepted, importantly, it doesn't state that acceptance of an order guarantees execution at a specific valuation point. Nor does it state that the order will bypass IISL's established process of queuing instructions strictly in the order received, including during busy periods such as the start of a new tax year. In light of this, I don't agree with Mrs W's view that the acceptance message created a contractual or procedural commitment that the trade would occur at midday on 7 April 2025.

Having reviewed IISL's communications, I am not persuaded that IISL created an expectation that Mrs W's Bed and ISA transaction would be executed at the next valuation point. The information provided explained that these instructions are processed strictly in time-received order and may take longer during peak periods. As IISL acted in line with their published process and did not commit to meeting a particular valuation point, I don't consider that they were responsible for the disappointment Mrs W experienced.

While I appreciate Mrs W was disappointed by the outcome, disappointment alone does not mean that IISL acted unfairly or caused her compensable distress. I'm not persuaded that IISL provided any misleading information nor have I seen any commitment that her instruction would be executed at a particular valuation point. The misunderstanding appears to have arisen from Mrs W's assumption about how the process would work rather than from

any failure by IISL. In these circumstances, and as IISL acted reasonably and in accordance with their established process, I do not believe that compensation for distress or inconvenience is warranted.

I'm aware that IISL indicated they would be willing to pay Mrs W the £100 following our Investigator's recommendation. As I've not found that IISL acted unfairly or provided misleading information, I don't consider that any compensation is required. However, IISL is free to maintain any goodwill gesture it wishes to make.

Responses to my provisional decision:

After reviewing what I had to say, IISL explained that they accepted the provisional decision and had nothing further to add.

Mrs W, however, explained that she didn't agree with the provisional decision and she also said:

"1. IISL's published order-execution policy You referenced this policy a number of times, sadly as it is not published on IISL's website or app, it did not inform my Bed & ISA authorisation on 7 April 2025.

2. Key information from IISL that informed my authorisation of my Bed & ISA instruction on 7 April 2025 I am an advocate of setting clear rules and expectations which is why, on 21 March 2024, I raised my concerns with IISL regarding the "lack of clear, simple and correct information relating to the pricing and trading of funds for inexperienced investors on the ii app and website", I asked IISL for specifically for guidance about IISL's Bed & ISA transfer process for funds.

In IISL's final response letter sent 23 May 2024 stated "All accounts with ii are self-managed accounts where there is an expectation for customer to be fully aware of the instrument they have chosen to place a trade in. We do provide information on the website which also advises how placing a trading in a fund works as regards to pricing ...and about the fund trading process. As we have given this information correctly, I am unable to uphold this aspect your complaint."

IISL did not provide any information about how their order or execution process for the Bed & ISA transfer of funds is executed. Instead IISL directed me to their published advice for 'order cut off times' and 'learn about fund orders'; this published advice state succinct and definitive statements with no caveats:

- Fund trading works differently.*
- Funds are priced/valued once a day.*
- Each fund has a specific cut- off time for orders to be dealt at that day's valuation.*
- We [IISL] require you [their client] to place your order at least one hour before the cut off time.*
- If you place your trade after the cut-off time, it will be traded at the next day's valuation.*
- Once an order is submitted, it is left in a queue, to be dealt in-line with the Fund Managers cut off and trading timescales.*

In the same final response letter IISL reaffirms their procedure for trading funds, again IISL's statement is definitive with no caveats:

"Once a trade is placed in a fund, provided it is prior to the cut off of that fund, we will then send the order to the fund manager where they will place the trade at that particular day's price. If the trade is placed after the cut off for that day, it will receive the next day's price. As you had met the cut off [on 5 March 2024], you received the price for 5 March 2024 [that day's valuation]. As the trade was placed correctly and in line with the procedure for trading funds, I am unable to uphold this aspect of your complaint."

3. IISL approach of queuing and processing Bed & ISA instructions

You confirmed that the fund manager's rules take precedence where a conflict exists. I suggest the queuing detailed in IISL's 'learn about fund orders' advice is in conflict with the queuing detailed in IISL's clause 3.10.3. so shouldn't clause 28.3 apply? Or do both occur - if they do, is it fair that fund orders effectively queue twice?

4. Wording and timing of IISL's acceptance message

As regards to IISL Bed & ISA Timescales statement contained in their acceptance message there are 3 points of note.

Firstly, the Bed & ISA Timescales statement in the IISL's acceptance message states "Bed & ISA instructions are carried out as soon as practicable. Due to increased volumes at the start of a new tax year, these may take longer than usual to process." It did not inform me "Bed & ISA instructions are worked strictly in time and date order of receipt" as IISL explained in their final response letter for this complaint and is contrary, as in point 2 above, to IISL's published advice 'learn about fund orders'.

Secondly, below are screenshots of IISL's 'Important Information' statements, on the left from IISL app and on the right from IISL website, that appear at the end of IISL Bed & ISA order process pre-authorisation. You can see whilst both are titled 'Important Information', they do not state the same information. The website version leads with the statement "Please note, your Bed & ISA instruction will not be processed immediately and may take several days. During times of high volume, such as around the start of the tax year, this may take longer...If your request is time sensitive...please call 0345 607 6001." The app version does not contain this statement.

- Screenshots are not reproduced here to prevent any copyright infringement.

I informed IISL of this discrepancy on 9 April 2025 which IISL acknowledged on 14 April 2025 stating "we appreciate you bringing this to our attention, as it helps us understand the discrepancy you've highlighted between the information provided on the app and information referred to by Andrew [IISL Complaints Team] during your conversation."

Thirdly, IISL have not provided all the relevant information and terms in their Bed & ISA transfer process consistently across all their platforms and in doing so their clients were not fully informed when they authorised their Bed & ISA orders:

- Anyone using the IISL app was not informed their Bed & ISA instruction would not be processed immediately
- IISL also did not inform, on their app or website, "Once your order has been submitted it can't be cancelled or amended", as they do on their Fund trading order process in accordance with IISL's clause 3.9.

So on 7 April 2025 when I received IISL's Bed & ISA acceptance message with the Bed & ISA Timescales statement, it was too late as I couldn't do anything about it as I could not cancel or amend my instruction, despite it being time sensitive.

In conclusion, based on my final points shared above along with all the information I have provided regarding this complaint, I have proved IISL had not "suitably informed me" of their Bed & ISA process, prior to my authorisation of my Bed & ISA fund order on 7 April 2025. I have proved IISL did not execute my Bed & ISA instruction in accordance with their published advice they directed me to for 'order cut off times' and 'learn about fund orders'. I have also proved IISL do not provide clear, consistent and timely advice, to ensure their clients are fully informed about trading funds including Bed & ISA transfer for funds across IISL's trading platforms.

Therefore I confirm I do not agree with your decision to not uphold my complaint."

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've looked carefully at what Mrs W has said about IISL's general guidance on fund trading and the respective cut-off times. But, it's important to recognise that those pages describe standard fund trades, not Bed and ISA transactions that require additional internal steps before any instruction can be forwarded to a fund manager. So, I think it's reasonable to conclude that those internal steps mean the guidance can't reasonably be interpreted as a commitment that a Bed and ISA instruction will reach the fund manager the same day.

And, while I accept that the 'Important Information' screen shown on IISL's website differed from the app iteration and that this could understandably contribute to some confusion, neither version gives any warranties that IISL will process a Bed and ISA transaction at a definitive valuation point and importantly, neither indicate that processing will be immediate. So, while the inconsistency is not ideal, I'm not persuaded that it resulted in Mrs W being misled about when her order would be executed.

Mrs W has again made reference to clause 28.3 and the dealing rules of Jupiter Unit Trust Managers Limited. As I explained in my provisional decision, while it's correct that the fund manager's rules take precedence where a conflict exists, I have not seen evidence of such a conflict here. That's because the fund rules govern pricing once the trade is submitted to the manager, whereas IISL's internal processing governs the steps immediately before that stage.

I think it's important to acknowledge that many providers will typically experience high demand at both the end and the start of the tax year. Many consumers leave funding their ISA until the last moment, but those who are more organised, like Mrs W, act promptly at the start of the tax year to make use of their allowances for the year ahead. However, demand sometimes outstrips capacity and the practice of dealing with instructions in the order received isn't uncommon in the industry at that time of year, as it aims to ensure that no one customer is treated more favourably than another. IISL's communications didn't guarantee execution of Mrs W's instruction at a certain time, nor did they override the platform's established queueing process during periods of high demand.

I've given careful thought to Mrs W's point, when on 7 April 2025, she was unable to cancel or amend the Bed and ISA instruction after receiving the acceptance message. However,

even if cancellation had been possible, I don't believe that this would have changed the outcome. That's because, put simply, Mrs W would still have needed to place a Bed and ISA instruction at some point, and any such instruction would have been subject to the same internal queue and the same processing time during this period of high demand. So, I don't believe the inability to cancel the instruction disadvantaged her in a way that affects the fairness of the outcome.

I do very much recognise Mrs W's strength of feeling on the matter. It's clear to me that she's a very careful and engaged investor who proactively sought to understand the process. However, based on the evidence I've seen and the regulatory framework, I am not persuaded IISL acted unfairly or outside the standards required of them and it's for that reason that I'm not minded to alter my thinking from the provisional decision I set out above.

My final decision

I'm not upholding Mrs W's complaint and it therefore follows that I won't be instructing Interactive Investor Services Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 9 April 2026.

Simon Fox
Ombudsman