

complaint

Mr and Mrs P complain that Interactive Investor Services Limited (“IIS”) failed to manage the transfer of their SIPP and ISA accounts in line with their instructions. As a result they say they have suffered a number of delays, needed to spend a considerable amount of time managing the situation, and experienced a financial loss.

background

The background to this complaint was set out in the provisional decision I issued in November 2018. An extract from this is attached and forms part of this final decision, so I will not repeat that information here.

In my provisional decision I set out why I was minded to uphold the complaint. I invited both parties to let me have any further comments and evidence. IIS has said it doesn’t have anything further to tell us. Mr P responded to say that he was willing to close the complaint on the basis laid out in my provisional decision but on condition that IIS was required to rebate all the charges it had levied on his family’s accounts once they had been migrated from T.

my findings

I’ve once more considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

In my provisional decision I explained why it wasn’t appropriate for me to consider the accounts held by Mr and Mrs P’s adult children in this complaint. And I also explained why I didn’t think I should ask IIS to refund any transactional costs that had been incurred by Mr and Mrs P whilst they were waiting for their accounts to be transferred. I haven’t seen anything that makes me think I should change my provisional findings on these two points.

So I see no reason to alter the conclusions I reached in my provisional decision. IIS should pay Mr and Mrs P a sum of £750 in recognition of the trouble and upset they’ve been caused throughout the period of their transfer requests being processed.

my final decision

For the reasons given above, and in my provisional decision I uphold this complaint and direct Interactive Investor Services Limited to pay Mr and Mrs P £750 in respect of the trouble and upset they’ve been caused in this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 14 February 2019.

Paul Reilly
ombudsman

EXTRACT FROM PROVISIONAL DECISION

complaint

Mr and Mrs P complain that Interactive Investor Services Limited ("IIS") failed to manage the transfer of their SIPP and ISA accounts in line with their instructions. As a result they say they have suffered a number of delays, needed to spend a considerable amount of time managing the situation, and experienced a financial loss.

background

Mr and Mrs P both held ISA and SIPP accounts with a financial provider I will call T. In late 2017 T confirmed that it would be closing its investment platform, and all accounts would be migrating to IIS at the start of December. Consumers were told that if they didn't want their accounts to be migrated to IIS they should inform T, providing full details of a new provider, by the end of November.

For completeness I will also note that Mr and Mrs P's adult children also held ISA accounts with T. And that they had given Mr P their authority to manage those accounts on their behalf. So the complaint that Mr P initially made to IIS also covered what had happened to those accounts. But since this complaint has only been brought to us by Mr and Mrs P it isn't appropriate to discuss those accounts within this decision.

Mr and Mrs P decided that they didn't want to migrate either their SIPP or ISA accounts to IIS. So they gave instructions to new providers to take over the management of those accounts. I can see that Mr P signed the instruction relating to his SIPP on 13 November and Mrs P signed her instruction on 19 November. It seems that Mr P also made T aware of their intentions to move their accounts around the same time.

IIS says that the transfer forms were not received from the new providers until after its 30 November deadline. It says it received Mrs P's instructions on 1 December. And Mr P's transfer request wasn't received until 27 December. As a result T migrated Mr and Mrs P's accounts to the new provider, IIS.

The forms that were ultimately received related to T's scheme, and not the IIS scheme that the accounts had been migrated into. So IIS asked Mr and Mrs P to complete new forms before the migration could take place.

The documentation that had been sent to Mr and Mrs P before the migrations took place told them that any transfer to a new provider could either take place in cash (by selling the existing holdings), or in specie (by moving the assets without selling and repurchasing them). And IIS told them that stock transfers normally take between 6 and 8 weeks to complete, whereas cash transfers could typically be done in 7 to 10 days.

Whilst Mr and Mrs P's transfers were in progress they continued to trade on their accounts, both buying and selling assets. IIS says that this caused delays to the transfer process as following each trade it would need to notify the new provider of the changes to the portfolio being transferred.

Mr P raised a number of complaints with IIS expressing his frustration at how long the transfer process was taking, the lack of information he was being given and some stock discrepancies on his ISA account. Ultimately, and increasingly frustrated with the time the process was taking, Mr and Mrs P decided to sell all the assets held within their ISA and SIPP accounts so allowing the transfers to take place in cash. All the transfers were ultimately completed by mid-March 2018.

When Mr and Mrs P first complained to IIS it offered them £100 as a gesture of goodwill. But it didn't uphold their complaint. It later increased this offer to £200. But Mr and Mrs P didn't accept either offer so the complaint has been assessed by one of our investigators. She thought that the delays faced by Mr and Mrs P had been excessive. So she thought that IIS should assess any difference in value between Mr and Mrs P's assets now, and what they would have been worth if the transfers had taken place in a more timely manner. And she asked IIS to pay Mr and Mrs P £500 for the trouble and upset they'd been caused.

IIS didn't agree with that assessment. It didn't think there had been any loss in value of the assets due to any delays as Mr and Mrs P had been able to trade throughout. But it did increase its offer for the trouble and upset experienced by Mr and Mrs P to £500. Mr and Mrs P didn't accept that offer either. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

So bearing this in mind I think the key thing that I need to determine in relation to this complaint is whether the time it took IIS to transfer Mr and Mrs P's ISA and SIPP accounts to a new provider is reasonable - from the time T initially told Mr and Mrs P about its plans, through to the time that IIS ultimately transferred the assets. And if I decide that the time taken wasn't reasonable I will look at whether this has caused a financial loss to Mr and Mrs P as well as considering any trouble and upset they might have been caused.

When they were first told of T's plans to close its service, I think it was clear to Mr and Mrs P that they would need to let T know, by 30 November 2017, if they didn't want their assets migrated to IIS. But I think they needed to do more than simply advise T of their intentions – that could have left T with a significant number of consumers who had asked not to be migrated, but hadn't yet transferred their assets. So I think it is reasonable to say that consumers needed to have provided the necessary transfer authority, along with details from their new provider, before 30 November.

From the evidence I have seen, although Mr and Mrs P gave their new providers their authority for the transfer in mid-November, those requests weren't sent to T before the deadline of 30 November. So I think it is entirely reasonable that Mr and Mrs P's accounts were moved across to IIS as part of the bulk migration. And I think that it is entirely reasonable that IIS asked for a new instruction authorising it, rather than T, to transfer Mr and Mrs P's accounts to their new provider.

It does seem to me that there was a delay before Mrs P was asked for those new authorisation forms. Mr P appears to have been asked for new forms in early January, shortly after IIS received his original transfer from his new provider. But Mrs P doesn't seem to have been asked for new forms until 24 January – nearly 8 weeks after her original request had been received.

IIS has said that part of the reason Mr and Mrs P's transfers were delayed was because they continued to trade on their accounts. But it seems to me that this wasn't something that they were told not to do – in fact a letter sent to Mrs P confirming her transfer had started said *"You can use your account to trade during the time it takes to move your assets to your new provider"*. It wasn't until the middle of February that IIS told Mrs P that it couldn't execute her transfer until she ceased trading.

From the correspondence that Mr P has shared with us it does seem that he found it difficult to obtain information from IIS about his family's transfers. He has said that he believes this was because IIS was finding it difficult to deal with the volume of queries arising from the migration of T's customers. And I think some of the conflicting and confusing communications I have described above underline the source of his frustration.

Mr P has told us that he manages the investments in his family's accounts very actively. So it doesn't seem surprising that there were so many transactions during the time the transfers were being arranged. But as I said earlier it doesn't seem that the problems this might cause were explained to Mr P until much later. So I don't think it is reasonable to conclude that Mr P should have known he needed to stop trading and so prevent some of the delays to the transfers.

There were a number of other things that also contributed to the delays, such as getting responses from the new provider and the reregistration of the assets with the fund managers, although it seems to me that many of these reasons were outside the control of IIS. But what was within the control of IIS was the communication that it had with Mr P, both in terms of keeping him updated on what was happening with his family's accounts, and in answering the questions he was posing. And I think that failures in that regard are what have caused the undoubted upset that this matter has caused to Mr and Mrs P.

I haven't seen anything that makes me think Mr and Mrs P have suffered a direct financial loss as a result of the delays. As I said earlier Mr P actively managed the assets in the accounts. So I don't think it is possible, or reasonable, to conclude that any change in the underlying value of their assets was due to any delays. I think it is far more likely that those changes were as a result of market fluctuations, or Mr P's trading activity.

I have considered that it is likely that Mr and Mrs P might have incurred some transaction costs in converting their assets to cash before the transfer. And there is a possibility that the time that elapsed before that cash was reinvested might have been at a time when markets were rising. But I haven't seen enough to make me think that IIS required Mr and Mrs P to liquidate their assets before the transfer took place, or that the transfer wouldn't have ultimately taken place if this hadn't been done. So I don't intend to ask IIS to make any payment relating to any changes in the value of the assets held by Mr and Mrs P or any transactional costs they have incurred.

Part of Mr P's initial complaint to us was that some assets appeared to have gone missing from one of his accounts. I can see that IIS has now identified those missing assets and Mr P has been able to sell them. And I can also see that IIS says the delay in selling the assets actually saw an increase in their value. But there was a considerable time that passed before IIS agreed with Mr P's asset reconciliation – and I'm sure that what had previously happened only heightened Mr P's concerns that these assets wouldn't be recovered. So again, although I won't be asking IIS to pay any direct financial redress for this matter, I will take it into account when looking at the payment for trouble and upset that I think should be made.

The value of the assets that Mr and Mrs P (and their family members) held with T, which were migrated to IIS, was substantial. I can therefore acutely understand how frustrating and upsetting the transfer delays were for them. And I can see from their careful records of the contact they had with IIS how many times they needed to ask what were fairly basic questions before they eventually made any progress. So I would consider the trouble and upset they have been caused to be substantial.

I have considered that IIS has by now offered Mr and Mrs P a total of £500 in recognition of that trouble and upset. And that is in line with what our investigator thought would be appropriate. But I think a higher payment is warranted given what I've said above. I intend to direct IIS to pay Mr and Mrs P a sum of £750 in recognition of the trouble and upset they've been caused throughout the period of their transfer requests being processed.