DRN-3464218

The complaint

Mr S complains Interactive Investor Services Limited, The Share Centre at the time, ("TSC") delayed his ISA transfer.

What happened

Mr S wanted to transfer his stocks and shares ISA from TSC to another ISA provider ("the provider"). Mr S has given us a timeline from the provider. This says Mr S's valid transfer instruction was received by the provider on 28 July 2020.

TSC says it received the provider's 28 July 2020 letter, requesting a valuation of Mr S's ISA and details of its holdings, on 3 August 2020. TSC has told us its ISA transfers should take place within 30 days from receipt of the information request to completion of the transfer.

The provider's letter said it would send confirmation of its acceptance of the transfer after it received the valuation, and that TSC should then transfer the cash balances to the account detailed in the letter (transfer arrangements for the stock would follow).

TSC sent the provider a valuation on 11 August 2020 by email, detailing the cash balance (over £50,000) and the stock held (valued at over £100,000). It gave the email address the provider should use to send its confirmation of acceptance of the transfer.

The provider's timeline says it logged TSC's valuation on 13 August and carried out stock eligibility checks and then sent an enquiry to Mr S on 4 September. The provider's timeline says it received Mr S's response to its enquiry on 17 September.

Mr S has told us he didn't phone and email the provider and TSC every week from August or September because he trusted them to do what they said they would do, he'd assumed this was happening in the background, he expected them to tell him if the timescales weren't going to be met and he made allowances for the pandemic. He's also told us a list of investments he wanted to buy after the transfer was put together by him in August and or September. He says, as time went on and nothing appeared to be happening, he got more and more concerned about his funds not being at the provider and accessible there.

Mr S chased the provider on 23 September and on 5 and 7 October. The provider sent its acceptance of the transfer to TSC on 7 October. TSC logged this the same day.

After that time, Mr S chased the provider on 9, 13, 16 and 22 October. On 23 October the provider said it would send an email to TSC. Its timeline says it chased TSC for an update. Mr S chased again on 27 and 28 October. He emailed TSC direct on 24 and 27 October. The provider chased TSC on 30 October and 11 and 12 November, according to its timeline.

On 12 November TSC acted, proposing trade and settlement dates of 16 and 18 November (the following Monday and Wednesday) - a further six days but including a weekend.

The transfer completed on 19 November. There were still further actions to take or that would arise in connection with untradable stock that wasn't being transferred at the time –

including a cash transfer delayed by a separate error by TSC for which it paid Mr S £50.

TSC has told us there were delays in making transfers due to the work volumes it was receiving (related to it being in a corporate reorganisation) and that the transfer might otherwise have been completed by mid-October (a month or so sooner than it was).

Mr S started to trade in connection with the transferred stock and funds on 15 December. He has explained that in the meantime he spent time researching whether the investments on the list he'd put together in August and or September, which had since risen in value, had peaked or were still worth buying. He says he eventually decided they hadn't peaked and started his trades. He said he didn't buy investments earlier, with other funds that arrived with the provider earlier, because he wanted a good variety of shares (which the value from TSC would allow him to create).

Mr S has said he would've liked to reinvest like he did in mid-December much earlier, and would've got significantly better prices had he done so and he is still angry the transfer took so long and he missed out on the opportunity to get significantly more growth. He has said the reinvestments he made later, in January for example, are ones he felt it was his choice to retain until then, so he is not seeking compensation for delays relating to those trades.

Mr S has pointed out he was dealing with execution-only investment services so there was no need to specify his investment plans in his correspondence with TSC or the provider (and so there's nothing there to detail the opportunities he was missing out on during the delays). He has said his chasing up of the transfer, and use of a stocks and shares ISA, is evidence of his intention to reinvest as he did. He's also told us how in broad terms his investment rationale had come about and how he had formed his investment plan.

Mr S has said that if TSC had told him the transfer wouldn't be happening until the end of November, he would've sold and reinvested his holdings at TSC using its dealing facilities, and then transferred the new shares to the provider rather than the old shares. But he's said, as far as he knew, the transfer was progressing nicely and he didn't want to trade ahead of the transfer because he didn't know if it would impact the transfer process. He's also said that trading would've meant an updated valuation, restarting the process and he wanted to move as soon as possible so he could trade his investments. He's said TSC would've been aware delaying the transfer could lead to an investment loss, so should accept the result of its failure to put in place means for funds to be transferred within the required timescale.

As well as compensation for investment losses, when he brought us his complaint Mr S said he wanted compensation for hours he'd spent on the phone and sending emails chasing up the transfer.

Our investigator thought TSC's actions delayed the transfer by 12 days – and recommended TSC pay Mr S £100 for the inconvenience he was bound to have experienced given that his many chasers to the provider showed he wanted the transfer completed in a timely manner. But our investigator didn't think TSC should compensate Mr S for lost growth, because the investigator thought Mr S could've still traded while the transfer was ongoing - and any delays in the transfer hadn't prevented Mr S from doing this.

Mr S disagreed with the investigator's conclusions. He said he hadn't been given a valid reason for his loss of growth not being covered – and he told us someone had to be responsible for the three-month delay in the transfer.

TSC didn't comment on the investigator's findings except to indicate that on the basis that Mr S suffered a delay of 12 days, as specified by the investigator, it would've agreed to the investigator's suggested redress.

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 done so, I'm upholding the complaint. My conclusions, like our investigator's, are firstly that TSC did delay the transfer and should compensate Mr S for the inconvenience it caused him as a result and secondly that I don't agree that TSC should compensate Mr S for loss of investment growth. I've explained my reasoning below.

The government's ISA guide says, for ISAs like Mr S's with TSC, transfers should take no longer than 30 days. Its guidance for ISA managers says, for these sorts of ISAs, an ISA's terms and conditions may allow the ISA manager whatever reasonable period it requires for practical implementation of transfer requests – but this must not exceed 30 days.

In considering what is fair and reasonable in all the circumstances, I've taken into account this guidance while also considering whether and the extent to which TSC caused delays that were unnecessary, notwithstanding the timescales in the guidance.

Mr S has pointed out the provisions in the guidance refer to transfers taking no longer than 30 days – and not to each company getting 30 days. I agree, but still I don't think this means I should hold TSC responsible for the results of delays for which another party and not TSC was responsible.

The transfer completed on 19 November (there was later a further delay in transferring a cash sum – that's separate and I've not considered that here). Our investigator thought TSC should've completed it within 30 days of receiving the provider's acceptance on 7 October – and that TSC had delayed the transfer by 12 days. But from what TSC itself has told us, it should've completed it within 30 days of the information request – and it says it received the provider's letter asking for transfer information on 3 August. On that basis, the transfer completed around two and a half months late – although that doesn't mean TSC was responsible for all the delays. But TSC has also told us that had it not been for delays arising from its high work volumes the transfer could've completed in mid-October - more than a month earlier. I've taken all this into account.

If sent first class on the day it was dated, the provider's information request would have ordinarily arrived a few business days earlier than TSC has said it received it. But I don't think establishing how TSC only received it later would affect the outcome overall, given the rest of the timeline (and I note that postal delays were not unheard of during the pandemic).

TSC issued the valuation eight days after receiving the request, including a weekend. I don't think the time TSC took over this was in itself unreasonable or made the transfer unlikely to be completed in good time, taking into account what else needed to be done by TSC and the provider. In saying this, I note that for cash ISAs there are provisions allowing five business days to send information, and cash ISA transfers are generally simpler than those of stocks.

Having sent the valuation on 11 August, TSC was waiting for the provider's instruction which it did not receive until 7 October. With this and what I've said above in mind, and although the transfer was clearly delayed during that period, I don't consider TSC was responsible for any inconvenience caused to Mr S by his having to chase up the transfer in that time – because at that point it was not responsible for causing the delay.

By way of background, I note that after the provider received TSC's valuation around a month and a half passed while it carried out checks, sent Mr S a query and received his reply (he replied within two weeks). The provider then didn't send its acceptance to TSC until three weeks after that. Whether the provider had good reason for all this is not something I consider here as I'm looking only at TSC's part in things. So here I just note how much time had already passed by the time the provider sent its query to Mr S and the time that had passed when on 7 October the provider sent TSC its acceptance.

But after that time TSC did delay the transfer further. I note that the time during October and November TSC took to act would've taken the transfer beyond 30 days on its own (and TSC had already taken some days to send its valuation earlier in the process). I think TSC took too long at this point – and I think it was right to say that the transfer could've completed sooner had it not been for the delay at this point.

I note that during this time Mr S chased for progress, having no doubt also checked his TSC account for signs of progress. He's referred to spending hours overall on sending emails and on the phone during the process (which will include the period before TSC was in a position to act, as well in the later period). He's given us more details of his emails than his phone calls but, whether by phone or email, it was reasonable for Mr S to chase TSC (directly or via the provider) during October and November until the transfer was completed – and he would not have needed to had TSC not started delaying things at that point. So TSC in my view was responsible for putting Mr S to inconvenience in this way during that period.

In terms of the emails sent during that period, I note details Mr S has given of eight chasers, mostly to the provider but also to TSC. But his first was when TSC had only just received the acceptance, so I wouldn't have expected TSC to have already acted on it at that point.

After the transfer completed, Mr S did further research before beginning to reinvest and I accept what he says about this and what he says about how, had it completed earlier or had he known it would take as long as it did, he would've been able to invest earlier with the new provider or would've done so within TSC rather than waiting. I've carefully considered his claim for compensation for lost growth with all this in mind.

The delays in the transfer caused by TSC in the event may have meant Mr S didn't take up the investment positions he planned to take, and missed out on gains or losses he might've made on those compared to what he instead retained with TSC. So I can understand why he is frustrated and is seeking compensation for lost growth. But there was a way Mr S could've secured exposure to his preferred assets and received the resulting losses or gains. He could've done so by making investments and taking those positions while still with TSC. TSC has said Mr S could've traded on his account in the run up to the transfer. He doesn't dispute that he could've reinvested and pursued his investment agenda in this way – indeed, he's said he would've done so if he'd realised the transfer would take as long as it did.

But given this option was always open to Mr S, on balance I don't think TSC is responsible for Mr S missing out on returns on the investments he might've made but didn't, and instead receiving the returns he did receive on the investments he in the event chose to retain.

I note what Mr S has said about not knowing how trading would impact the transfer process or how it would've delayed the transfer. I don't know if it would've delayed the transfer like he says or not. But even if it would've done and his decision not to reinvest with TSC was to avoid further delaying the transfer, I'm not persuaded this would make it fair and reasonable to award him now the returns on investments he could still have made but did not make.

In light of all I've said above, I conclude that failings by TSC did inconvenience Mr S. TSC's own reckoning of the delay it caused appears longer than that suggested by our investigator. That doesn't necessarily mean TSC caused Mr S more inconvenience. But bearing in mind what I've said about the chasers Mr S had to send and how TSC's delays contributed to his plans being delayed, I think it would be fair for TSC to pay Mr S £200 for the inconvenience its delays to the transfer caused him.

I appreciate my conclusion may disappoint Mr S. I'm grateful to him for his prompt responses to our enquiries and for his patience. I thank him and TSC for their assistance throughout.

Putting things right

Interactive Investor Services Limited should pay Mr S £200 for the inconvenience it caused him arising from the matters I've considered in this decision.

My final decision

For the reasons set out above, I uphold this complaint.

Interactive Investor Services Limited should pay Mr S redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 June 2022.

Richard Sheridan
Ombudsman