

The complaint

Mrs S complains that Cofunds Limited, trading as Aegon transferred her stocks and shares Individual Savings Account (ISA) to a third-party without conducting appropriate and necessary checks.

What happened

Mrs S says she intended to transfer a stocks and shares ISA to a cash ISA with a company I will call Company S. Company S provided Mrs S with an account number for her stocks and shares ISA and when it received the signed transfer form from Mrs S, it sent it on to Aegon. Unfortunately, Company S provided Mrs S with an incorrect ISA account number, and this resulted in the wrong stocks and shares ISA number being sent to Aegon, who later sold the units in the ISA. Mrs S complained to Aegon that it had failed to carry out appropriate and necessary checks to transfer the correct stocks and shares ISA. Mrs S said the account number on the form had no relevance to her accounts with Aegon.

Aegon didn't uphold the complaint and said it wasn't responsible for any errors.

Mrs S brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that as Aegon had enough information to identify Mrs S as its customer, and it wasn't to know the account number provided was incorrect, the investigator thought that Aegon didn't need to do anything else. This was initially accepted by Mrs S.

Mrs S also raised a complaint about Company S which was sent to me for a final decision. I issued a provisional decision for this complaint, but I felt that an Ombudsman should consider both complaints as they were linked. So, I asked the Investigator to re-open the complaint about Aegon and advise all parties that I would be considering both complaints using the inquisitorial remit provided to the Financial Ombudsman Service. Having considered the complaint about Aegon, I reached a significantly different outcome to the Investigator, so I decided to issue a provisional decision.

In my provisional decision I said:

"There's no dispute that Mrs S inserted the incorrect stocks and shares account number on the transfer form. Mrs S was provided this number by Company S, who had records of the investments it had arranged for Mrs S with Aegon and another ISA provider. Therefore, my provisional decision will focus on the crux of Mrs S's complaint, which is that Aegon completed the sale of units despite Mrs S providing an incorrect account number.

It's important to note that there were two issues on the stocks and shares ISA transfer form that Mrs S signed, and which Company S submitted to Aegon. One was the wrong account number, and the other was a potentially incorrect national insurance number. When the transfer form was received by Aegon it wrote to Mrs S to ask for confirmation of her national insurance number along with evidence. Mrs S provided the evidence and the transfer completed shortly after this.

Aegon believes that it conducted sufficient checks to be satisfied Mrs S was its customer and that as she only held one ISA account it was reasonable that this was the ISA Mrs S was referring to on the transfer form – even though the account number was wrong. However, despite ensuring Mrs S provided the correct national insurance number, Aegon didn't address that the account number Mrs S quoted on the ISA transfer form wasn't an Aegon account number.

In considering whether Aegon has done enough to assess whether the request it received from Mrs S was valid, I've looked at Aegon's terms and conditions for its stocks and shares ISA. In respect of a transfer out, which is what was happening in this case, the terms and conditions say in section 10.2.1, "We may allow re-registration and cash transfers out from the Aegon GIA, Aegon ISA, Aegon LISA and the Aegon SIPP where we have received a valid instruction from you or given on your behalf which requires fully and correctly completed transfer authority signed by all holders or required authorised signatories..."

I intend saying that Aegon didn't do enough to ensure the request it received to transfer the ISA was valid and that it was Mrs S' intention to transfer the stocks and shares ISA she held with Aegon. The transfer form was incorrectly completed. It had the wrong account number of the ISA to be transferred. It was not an Aegon account number, nor does it appear on any of the Aegon investment statements I've seen. The transfer form also has the name and address of Company S crossed out and Aegon inserted. I intend saying that this would have been a reasonable indication to Aegon that it should ensure the instruction was a valid one.

Aegon relies on a letter it sent to Mrs S in June 2022 asking for the confirmation of her national insurance number. This letter did contain the investment account number for the ISA Mrs S wanted to transfer. I intend saying that Aegon missed the opportunity when it sent this letter to clarify if Mrs S had intended to transfer the ISA she held with it. Aegon say that Mrs S replied by letter, confirmed the national insurance number, and verified the account number quoted on the transfer form was correct. However, I've seen the letter Mrs S sent to Aegon said:

"Please find attached proof of my N.I. number as requested. I enclose 1 original DWP notification and a copy of my Inland Revenue certificate of age exemption. These verify the number quoted on the transfer forms is correct."

I intend saying that it's clear that Mrs S is confirming that it's the national insurance number that is the same as she put on the transfer form – which it was. Mrs S is not confirming the account number Aegon quoted in its letter was the correct ISA account number.

Mrs S says Aegon's failed to ensure it had a valid transfer instruction and this caused her a monetary loss. Mrs S says she compared the valuation on Aegon's statement from April 2022 with the transfer value, and the transfer value was about £2,000 lower. I have empathy with Mrs S that the transfer didn't go as planned and I've noted that Mrs S says she doesn't want the Aegon investment re-instated and is content to leave the proceeds in her cash ISA. Aegon didn't charge an exit fee, so the difference in value between April and July – when the ISA was transferred – is down to market movements alone. I intend saying that Aegon's failure to establish that it had a valid instruction from Mrs S was a significant reason the incorrect ISA was sold down and transferred, but it wasn't the only reason.

Company S initially provided Mrs S with an incorrect ISA account number, and I've dealt with that aspect in a separate decision. It contributed to Mrs S initially putting the incorrect number of the transfer form, but I don't think it was the main reason the wrong ISA was transferred. Mrs S has provided statements and documents she held for the ISA she intended to transfer. Mrs S has a responsibility to ensure the transfer request included the

correct account number and to check any correspondence relating to the transfer for mistakes. Mrs S missed that Aegon had quoted a different account number to that on the ISA transfer form, and she could have checked the statements and documents from both of her ISA providers. I think if she had, it's likely she would have been able to identify the wrong ISA account number had been used.

Taking into account that I can't speculate when Mrs S may have transferred her Aegon ISA, if at all, and that she doesn't want it re-instated and still hasn't transferred the ISA she intended to, I intend asking Aegon to pay Mrs S £500 for its failure to ensure it had a valid transfer instruction. I intend saying this is a fair and reasonable remedy to resolve Mrs S' complaint. It reflects that, although Aegon's decision to proceed without a valid transfer instruction caused Mrs S considerable distress and frustration that the wrong ISA was transferred, there were other factors that contributed to why the transfer didn't proceed as Mrs S intended."

My provisional decision was that I intended to ask Cofunds Limited trading as Aegon to pay Mrs S £500 to remedy the complaint.

Mrs S accepted my provisional decision without further comment.

Aegon said it didn't disagree with the outcome I proposed in my provisional decision, but said it felt an award of £100 to £300 may be appropriate as this would be in line with the Financial Ombudsman Service suggested compensatory amount. Aegon asked that I provide some context around my decision to ask it to pay Mrs S £500.

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.

As Mrs S and Aegon have both accepted the outcome I proposed, I don't need to re-consider what happened in this complaint. Instead, I will provide further context to why I'm satisfied a payment of £500 is a fair and reasonable remedy to resolve this complaint.

When looking at the impact of poor service on a consumer, we look at everything that happened. I've carefully considered the suggested compensatory amounts on the Financial Ombudsman Service website, but in the circumstances of this case, I'm satisfied the service provided by Aegon caused Mrs S more than just minor levels of frustration that lasted a few weeks. Mrs S' testimony persuades me that she suffered considerable distress, upset, and worry and a loss of expectation when it became clear that the ISA she wished to transfer wasn't transferred. Instead, Aegon's failure to obtain a valid instruction - or at least to validate the instruction it received – was a significant factor in an ISA transfer of over £45,000 taking place, rather than the £17,000 transfer Mrs S was expecting. Mrs S says she lost confidence in Aegon and didn't feel that she could transfer the funds back into the stocks and shares ISA, especially as Aegon had made it clear in its final response letter that it couldn't accept it had made any errors and the responsibility for the wrong transfer being completed lay elsewhere.

In the circumstances of this complaint, and taking into account the impact on Mrs S, I'm satisfied that my provisional decision and remedy is one that I should adopt as my final decision.

My final decision

For the reasons I've outlined above, I've decided that Cofunds Limited trading as Aegon

should pay Mrs S £500 to resolve the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 26 March 2024.

Paul Lawton
Ombudsman