

The complaint

Ms K complains that St James's Place UK plc ("SJP") delayed acting on her instructions to encash her ISA and unit trust investment. She says this led to a loss of around £4,000. She complains that SJP provided poor service and that it issued cheques rather than completing a bank transfer which was inconvenient. She wants it to pay her £150 for her time and trouble.

What happened

Ms K had an ISA and a unit trust account with SJP. She used an "SJP Partner" to place instructions on her behalf. For easier reading, I'll refer to everything as if Ms K gave the instructions herself.

Ms K says she gave instructions to withdraw £300,000 on 18 August 2022. She says there was a problem with the forms she'd submitted but that this was resolved by 22 August. But she says the total amount she received was far less than the value of her investments on 22 August. She also complains that, whilst she'd given SJP her bank details, SJP sent her three cheques. She says she had to make three 20-mile round trips to pay the money into her account and wants to be reimbursed for the travel costs and her time.

SJP said it required more information before it was able to act on the encashment instructions and that it processed her request correctly. It said it made the payments by cheque as her bank details were only added after the first payment had been made and this resulted in the same method being used for all payments. It apologised for any inconvenience.

Our investigator thought SJP had responded to Ms K's requests within a reasonable timescale; that the delays were due to the paperwork not being fully completed by Ms K; and that further information was needed due to the falling value of the investments. But he thought SJP should've transferred the proceeds to Ms K's account, rather than sending her cheques, and he recommended it paid her £100 for the inconvenience caused.

Ms K didn't agree and asked for her complaint to be considered by an ombudsman.

Before the case was referred to me, SJP reviewed its file and, as a result, said it wanted to make an offer to Ms K. In summary it said:

- It could have placed a full withdrawal for Ms K's ISA on 30 August 2022 and, had it done so, Ms K would have received £219.36 more than she did.
- It could have placed a withdrawal for the remaining balance of her unit trust on 2 September 2022 and, had it done so, Ms K would have received £13.39 more than she did.
- It could have verified her bank account earlier than it did to allow the payments to be made directly to that account. It offered £200 compensation for the inconvenience caused.

Our investigator forwarded this offer to Ms K, but she didn't accept it. She said, in summary, that SJP received her instructions, with the signatures it needed, on 22 August 2022. It's not clear to her why it didn't make the withdrawals on that date.

As Ms K didn't agree with our investigator's conclusion, and she didn't accept SJP's offer, the complaint was passed to me.

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.

In summary, there were three difficulties here. Firstly Ms K's instructions didn't meet SJP's valid signature requirements and had to be re-submitted. Secondly, the ISA instruction exceeded SJP's withdrawal limit. SJP doesn't allow withdrawals of more than 95% of the holding. Whilst SJP was clarifying the signature requirements and withdrawal instruction, the value of the ISA fell. This meant there wasn't enough in the ISA to meet Ms K's request to withdraw £290,000. So further instruction had to be sought which resulted in Ms K asking for both accounts to be encashed in their entirety.

I'm not going to reproduce a detailed timeline, but I've summarised what happened so that I can explain where I think SJP should have acted differently:

SJP initially received Ms K's withdrawal instructions on 18 August 2022. She wanted to withdraw £290,000 from her ISA account and £10,000 from her unit trust account. The forms didn't include the second signature that SJP required. Despite that, SJP proceeded to place the sale instructions for the unit trust account. It accepts it shouldn't have done that until it had received a fully completed instruction form. But I think it acted reasonably in not releasing the proceeds to Ms K until it received the fully completed instruction. And I don't find that encashing earlier than it should have has financially disadvantaged Ms K.

The correctly completed instructions were received by SJP on 22 August 2022. Ms K says the ISA sales should have taken place on this date. But SJP's terms and conditions for its unit trust and ISA products say:

"If a withdrawal request would reduce your holding in a particular unit trust to below the minimum level of £500, we may sell your entire holding in that unit trust at the appropriate Bid Price and pay you the proceeds or invest them into one of the other unit trusts you hold in your account. If you request a withdrawal amount from a unit trust, rather than a percentage of your investment in it, it must be less than 95% of the holding in that unit trust".

I'm satisfied that Ms K's instruction exceeded SJP's withdrawal limit. SJP identified this on 23 August 2022 – when it was preparing to place the sale orders. I don't think it reasonably should have realised this any earlier than it did because:

- It's not reasonable to conclude SJP should have checked the values of the investments until it was in receipt of valid instructions.
- Its terms say:

"If you wish to receive a one off withdrawal, then we will sell the required number of units using the Bid Price that applies at the next valuation point after we receive your written request and any other documents we require at our Administration Centre."

Whilst the instruction forms were sent to SJP in an email timed at 9.38am on 22 August, they weren't sent to the administration centre email address. So, by the time the "Administration Centre" referred to in the terms, was in receipt of instructions, the next valuation point would have been noon on 23 August.

On 24 August, having been given three options, Ms K confirmed she wanted to withdraw the requested £290,000 over two valuation points. Unfortunately, when SJP prepared the sale instructions on 25 August, the value of the units had fallen to below the amount Ms K had requested. I'm satisfied that SJP reasonably needed to contact Ms K to seek further clarity and that it treated her fairly by saying it would sell the entirety of her ISA on 30 August unless she got in touch before then.

Whilst the SJP partner did respond to this email, they didn't give a clear instruction. So I'm satisfied that, in the absence of any further instruction from Ms K, SJP should have sold the ISA investments on 30 August.

SJP wrongly sold the ISA over two valuation points. It should have placed a full withdrawal on 30 August 2022 and, had it done so, Ms K would have received £219.36 more than she did. I think SJP should pay this to Ms K. As she's been without this money since 30 August 2022, SJP should also pay interest at 8% simple per annum from this date until the date of settlement.

SJP received confirmation from Ms K that it should withdraw the remainder of her unit trust account in its entirety on 1 September 2022. It should have placed the sale at the next valuation point, on 2 September, but it didn't do so until 5 September. If it had sold when it should have, Ms K would have received £13.39 more than she did. SJP should pay this to Ms K now. As she's been without this money since 2 September 2022, SJP should also pay interest at 8% simple per annum from this date until the date of settlement.

Payment of the withdrawal proceeds

SJP accepts it could have taken steps to verify Ms K's bank account earlier than it did and then all three payments could have been made by bank transfer. I agree. SJP offered to pay Ms K £200 for the distress and inconvenience caused and I think this is fair and reasonable in the circumstances.

My final decision

My final decision is that St James's Place UK plc should:

1. Pay Ms K £219.36 plus interest at 8% simple per annum from 30 August 2022 to the date of settlement. *
2. Pay Ms K £13.39 plus interest at 8% simple per annum from 2 September 2022 to the date of settlement. *
3. Pay Ms K £200 for the distress and inconvenience caused.

* HM Revenue & Customs requires St James's Place UK plc to take off tax from this interest. St James's Place UK plc must give Ms K a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 28 March 2024.

Elizabeth Dawes
Ombudsman