DRN-4676602

The complaint

Mr L complains that St James's Place UK plc ('SJP') delayed the transfer of his stocks and shares Individual Savings Account ('ISA') which resulted in a loss of interest.

What happened

The following is a summary of the background to the complaint.

On 10 May 2023, SJP received a request to transfer the funds from Mr L's stocks and shares ISA to his new ISA provider. The same day, it actioned the request by placing a transfer out deal selling Mr L's fund unit holdings to generate a cash amount. The transfer was not an in-specie transfer.

On 15 May 2023, SJP sent Mr L's new ISA provider a cheque for the proceeds.

On 16 May 2023, Mr L contacted SJP to ask why it had sent a cheque. He said his new provider had told him the bank details to allow a direct bank transfer were included in the ISA transfer request. SJP said that its standard settlement process was to send a cheque and it hadn't been given specific payment instructions in this case.

On 18 May 2023, Mr L contacted SJP again to say that the cheque had not been received. Mr L expressed his dissatisfaction at this point – he said he thought SJP was employing a delay tactic to get interest on his money and he said he was looking for compensation.

On 19 May 2023, Mr L's new ISA provider sent SJP a letter. It said that, if by the time it received the letter it had already issued a cheque, it was not to cancel it. But it said if not, it asked for the funds to be sent electronically and it provided the necessary bank details.

SJP received the letter on 22 May 2023. It then cancelled the cheque and sent Mr L's ISA funds electronically on 24 May 2023.

Mr L then formally complained to SJP requesting compensation for the delay caused and the loss of interest.

SJP didn't uphold Mr L's complaint. In a response letter of 14 June 2023 it broadly repeated what it had already told Mr L when he first expressed his dissatisfaction with things. It said it placed the transfer out deal on the same day the ISA transfer request was received, and in line with its standard process, it sent a cheque on 15 May 2023. It said when it received the request to send the proceeds electronically, it confirmed it would try and cancel the cheque. It said this was successful and it then issued payment on 24 May 2023.

Dissatisfied with its response, Mr L referred his complaint to us. He explained the events I've set out above and said SJP eventually sent the proceeds electronically, but only after SJP made him 'jump through several hoops' and insist his new ISA provider send the necessary bank details by post. He said the result of SJP's behaviour is that it received approximately 10 days interest on his money. Mr L expressed his dissatisfaction with what he described as an inefficient and ancient method of transferring money and he asked for compensation for the lost interest, which he said was around £300.

One of Investigators looked at all of this and they didn't uphold the complaint. In summary they said, SJP's standard practice was to issue a cheque for the transfer proceeds and there was no regulatory reason it couldn't settle things this way. They said it wasn't for the Financial Ombudsman Service to tell SJP how to operate as we are not the regulator. They said ultimately, the transfer completed within the 30 calendar day industry-standard timeframe, so they were satisfied there were no delays. They said they'd seen no evidence that SJP had earned interest for itself on Mr L's funds.

Mr L disagreed. He broadly repeated the points he'd already made – that an electronic transfer of his funds was requested from the outset; SJP made him 'jump through several hoops' before they sent the funds electronically; and that SJP earned interest on his funds by delaying things.

Because the Investigator wasn't persuaded to change their opinion, the complaint was referred for a final decision.

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 taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

Having done so, I've decided to not uphold the complaint for broadly the same reasons given by the Investigator. My reasons are set out below.

- SJP says that it is standard practice for it to process ISA transfer payments by cheque. While I understand Mr L considers this to be an archaic form of making payments, in my experience it is not uncommon for providers to transfer ISA funds this way. And as the Investigator explained, there is nothing within the regulatory rules SJP has to follow, which prevents it from making payments this way. It is also not for me to tell SJP what payment processes it should employ.

- Mr L says that the original ISA transfer instruction from his new provider included an electronic transfer request and that it provided the relevant bank details, which SJP ignored. He's also provided a screenshot, which he says demonstrates an electronic request was made. SJP says it did not receive any specific payment instruction.

- I've not seen evidence from SJP to support what it says. And while I can see bank details are included in the screenshot Mr L's provided, it's not entirely clear to me that it is a copy of the original transfer request or that it demonstrates a specific payment request. But in any event, I don't think SJP caused an unreasonable delay in transferring Mr L's ISA.

  I say this because SJP acted on the ISA transfer instruction the same day it was received, and following the standard three-day settlement period, it issued payment by cheque. And while it appears the cheque wasn't received by Mr L's new ISA provider for whatever reason, I don't think it is fair and reasonable to hold SJP responsible for its failed delivery or non-receipt.

- Mr L says that, if he hadn't specifically and repeatedly requested an electronic transfer after the cheque failed to arrive, he would still be waiting for payment. And he says it was only after SJP made him 'jump through several hoops' it sent the money. But I've not seen evidence to support that. If SJP did request a formal written instruction from Mr L's new ISA provider to send the funds electronically as opposed to being asked to accept an email instruction for example, I don't think this is unreasonable. And the letter Mr L's new ISA provider sent SJP on 19 May 2023, only said the funds should be paid electronically if the funds hadn't yet been sent – it said SJP didn't have to cancel the cheque if it had already been issued. Despite that, SJP did cancel the cheque and it then sent Mr L's ISA funds electronically using the bank details provided. And payment was made on 24 May 2023, two days after receiving the letter.

- Ultimately the transfer of Mr L's ISA was carried out well within the permitted timeframe of 30 calendar days. So, for this reason and those above, I'm satisfied SJP did not cause unreasonable delays in transferring Mr L's ISA.

- I can see Mr L believes that SJP deliberately delayed things to ensure it received additional funds or interest on his money – interest he was deprived of because it chose not to send the funds electronically at the outset choosing instead to make payment by cheque. I've already said I don't think there were any unreasonable delays. And there is no evidence that SJP earned interest on Mr L's money. There are strict client money regulatory rules, which require SJP to segregate client money from its own. I've seen no evidence that SJP didn't follow these rules in Mr L's case.

- SJP has explained that, while client money bank accounts do earn interest, no interest is allocated to clients for transfers as the transaction account balances are released after the three-day settlement period. It says that, where it is necessary to continue to hold these monies after they are released until they are received / cashed, any interest earned over this period is paid to a charity of its choice. And I can see that SJP's unit trust and ISA terms and conditions support this.

So, while I know this be disappointing for Mr L, for the reasons above I don't uphold this complaint.

My final decision

For the reasons above, I've decided to not uphold this complaint – so I make no award in Mr L's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 April 2024.
Paul Featherstone
Ombudsman