

The complaint

Mrs B complains about the administration of a transfer of her ISA by Close Brothers Limited. She says it unfairly delayed matters, which in turn caused her a financial loss. Mrs B is represented by her husband, Mr B, in bringing the complaint.

What happened

Mrs B sought a transfer of her existing Invesco stocks and shares ISA to a cash ISA with Close Brothers. On 19 August 2022, Close Brothers sent Invesco an email regarding the transfer request.

On 23 August 2022, Invesco replied to explain that requests needed to be made via post. Close Brothers then actioned the postal request the following day.

On 31 August 2022, Invesco completed the sale of the holdings in Mrs B's ISA. The funds were received by Close Brothers on 5 September 2022 and applied to Mrs B's ISA the same day.

Mrs B thereafter complained about the delay in Close Brothers sending an email request when it had known that it would have to write to Invesco. In that time, the value of the units in her investment ISA had fallen.

On 30 August 2023, Close Brothers upheld the complaint. It said it agreed that its delay from 19 August 2022 to 24 August 2022 had caused Mrs B a loss and it was prepared to calculate the value of the investment, had the transfer request been sent by post in the first place. To do this, it looked at the value of the units in Mrs B's ISA on 19 August 2022 and 24 August 2022, and proposed to pay the difference into her ISA. It also said it would pay £100 for the upset she was caused.

Mr B then brought Mrs B's complaint to this service. Mr B also brought a separate complaint about his investment ISA. That complaint was resolved by one of our investigators after Close Brothers and Mr B agreed financial redress to put matters right.

For Mrs B's complaint, Mr and Mrs B said they accepted the outcome. They agreed with the basis upon which Close Brothers had upheld the complaint. However, they did not think the calculation for the redress was right – the postal dates had been used rather than the sale date of the units in the ISA.

An investigator reviewed the complaint and he believed it ought to succeed. He said that Close Brothers had accepted its mistakes led to a delay and it had used the same approach to redress that it offered to Mr B. Whilst he agreed that £100 was a fair sum for the upset Mrs B had been caused, he believed Close Brothers had used slightly incorrect dates for calculation of the loss Mrs B had suffered – as Mr and Mrs B had put forward.

In order to resolve the complaint, the investigator said that Close Brothers ought to calculate the value that would have been realised had Mrs B's shares been sold on 25 August 2022 (the correct number of working days after receipt by Invesco) and deduct the amount

actually realised on 31 August 2022. He said it should also add 8% interest. This sum, along with the £100 representing the upset caused, should then be paid to Mrs B.

Mr B said Mrs B accepted the decision in full. They initially queried how the settlement would be paid in respect of loss of their ISA wrapper – but thereafter clarified that the ISA remained open with Chase Brothers and the redress could be paid into Mrs B's (still open) account.

However, Chase Brothers did not accept the proposed redress for several reasons:

- it still accepted it had caused an avoidable delay of five days;
- however, the overall transfer was completed within the accepted timeframe of 30 calendar days;
- and, if it had posted the request earlier, there was a weekend in between rather than working days so Invesco may not have actioned anything;
- so the date the holdings were sold down might have been 31 August 2022 anyway;
- it contends that 8% interest isn't appropriate in the circumstances, because Mrs B was never deprived of the funds during the five day delay;
- this is because the funds were always going to be transferred to another ISA.

Chase Brothers asked for the complaint to be referred to an ombudsman.

Mr B said he and Mrs B were at a loss as to why Close Brothers was now rearguing matters when it had agreed to pay Mrs B redress previously (and had also done so in Mr B's complaint). They said the only fair way to assess if Mrs B had suffered any loss upon closure of her ISA was to calculate the value as if a delay hadn't affected the settlement date.

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 realise Mr B has made his own complaint here about his ISA transfer, with similar circumstances but I should reiterate that my findings here relate to only this complaint as brought by Mrs B. Nonetheless, having looked at everything before me, I also believe this complaint should be upheld for principally the same reasons put forward by our investigator.

I am pleased to note that Close Brothers has firstly identified it caused an undue delay by failing to follow a correct administrative requirement in order to make the relevant request from Invesco to sell down the units in Mrs B's stocks and shares ISA and thereafter receive transfer of the funds for her Close Brothers cash ISA.

Both parties accept the complaint should be upheld – and that was agreed before the complaint was brought to this service. However, where the parties disagree is on the appropriate calculation of the redress.

Close Brothers contends that we ought to look at when the postal correspondence should have been sent as a gauge of what ought actually to have happened regarding the delay. I agree with assessing the delay as a principle – when approaching redress at this service, we look to place a customer in the position they would have been in but for a mistake or omission having occurred. However, Close Brothers then went on to look at the unit values using the two dates that it contacted Invesco on 19 August 2022 and 24 August 2022, rather than the date the units were sold (and could or should have been sold).

I agree with our investigator that the correct interpretation of what ought to have happened

should be ascertained by determining the date Invesco took the action of selling the units in the fund. That took place on 31 August 2022; the date Close Brothers sent the instruction was 24 August 2022, so the sale completed five working days later.

If Close Brothers had sent the instruction correctly on 19 August 2022 - using the five working day calculation as the most reasonable gauge of Invesco's response time - the funds would have been sold on 26 August 2022 – five working days later. I agree that is the relevant date for comparison of the two values, and the fairest way to assess the delay.

Invesco has sought to query why we have proposed to add interest to the redress calculation if the funds would have otherwise been transferred. The reason for this is because the funds haven't been transferred. The unit value for the units held in Mrs B's stocks and shares ISA was higher on 26 August 2022 than 19 August 2022; had Close Brothers acted correctly at the time, a higher sum would have been paid into Mrs B's cash ISA.

As it is, Mrs B has not had access to the funds that should have been transferred if Close Brothers actioned the transfer correctly. That is irrespective of the guideline of 30 days for the transfer; though the timescale was met, Close Brothers has already agreed it would have done so more quickly if it had followed the correct process. To that end, this service proposes 8% interest as the benchmark in situations akin to Mrs B's where a customer has been deprived of their money as a consequence of a mistake by a business. I agree 8% interest is appropriate here and ought to be paid to Mrs B.

Finally, I note that as well as putting right any financial losses in a complaint (which I will set out below) we also consider the emotional or practical impact of any errors on a complainant. In doing so, we do not fine or punish businesses. Instead, we consider the effect of the actions or inactions of a mistake or omission.

Considering the impact of the error, I believe the proposed payment of £100 is reasonable in circumstances where the delay of five working days has caused upset and concern for Mrs B. It is the type of award applicable in a one-off incident or occurrence – such as an administrative error. I therefore agree this ought to be paid by Close Brothers, as it has not done so already.

Putting things right

Close Brothers ought to calculate the value of Mrs B's units in her Invesco ISA, had the sale of the units taken place on 26 August 2022 (this is five working days after the transfer request should have been correctly sent by email). It should then compare this sum to the settlement value of 31 August 2022. As the 26 August 2022 value was higher, the difference between the two unit values should then be paid into to Mrs B's ISA, along with 8% interest to the date of settlement – which ought to be within 28 days of the date of acceptance of my decision.

Ordinarily, if Close Brothers considers it is legally obliged to deduct income tax from the interest paid, it should issue a tax deduction certificate with the payment. Mrs B may be able to reclaim the tax paid from HM Revenue and Customs, if applicable. However, given the transfer took place within ISA wrappers, this may likely be disappplied.

Finally, Close Brothers ought to pay Mrs B £100 for the upset she has been caused.

My final decision

For the reasons explained, I uphold this complaint. I direct Close Brothers Limited to pay Mrs B the redress I've detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 May 2024.

Jo Storey
Ombudsman