

The complaint

Mr G complains that he suffered avoidable delays when attempting to transfer his stocks and shares ISA with Vanguard Asset Management Limited to another provider.

Mr G says he would now like Vanguard to compensate him for the trouble that they've caused him and his investment losses which, he says, are attributable to their actions.

What happened

In March 2023, Mr G made an application to transfer his existing ISA with Vanguard to another provider that I shall call Firm S. As Vanguard hadn't completed the ISA transfer to Firm S by 15 May 2023, Mr G raised a complaint with Vanguard.

It subsequently transpired that Vanguard had attempted to transfer Mr G's ISA monies to Firm S on a number of occasions, but the funds kept getting returned to Vanguard. The investigation identified that Vanguard had been trying to send the monies to Firm S using an incorrect reference number. After a number of repeated attempts to send the transfer to Firm S, Mr G asked Vanguard to cancel the transfer on 24 May 2023 so he could withdraw the funds in full. The funds were returned to Mr G's account on 2 June 2023.

After reviewing Mr G's complaint, Vanguard conceded that they'd experienced a number of issues when trying to transfer his ISA monies to Firm S and apologised for the service that he'd received. Vanguard also said to Mr G that they were upholding his complaint and were going to pay him £150 in recognition of the trouble and upset that the issue had caused him.

Mr G was unhappy with Vanguard's response, so he referred his complaint to this service. In summary, he said that their response didn't go far enough and he wanted to be recompensed for the investment losses that he said were attributable to them.

The complaint was then considered by one of our Investigators. He concluded that Vanguard had recognised their mistake and had tried to put things right for Mr G. But, our Investigator felt that the £150 which Vanguard had offered in recognition of the trouble that they'd caused wasn't reflective of the inconvenience that Mr G had suffered. Our Investigator went on to say that £250 would better acknowledge the time and trouble that the issue had caused. However, our Investigator felt that because Mr G could have asked Vanguard to reinvest his monies, he didn't feel it was appropriate to ask them to cover his investment losses.

However, Mr G disagreed with our Investigator's findings. In summary, he said:

- Vanguard could have done more to identify the issue and ensure the transfer was completed within 30 days.
- Vanguard had tried and failed to transfer his funds three times before he had registered his complaint.

- Vanguard were provided with a copy of the transfer instructions, which they already had, yet they were still unable to transfer the funds.
- He was left with little choice but to cancel the transfer request because Vanguard had told him that they wouldn't investigate his complaint until the transfer was complete.
- He had no wish to retain his funds with Vanguard and had no desire to ask them to reinvest his funds.
- He said that £250 wasn't a sufficient enough amount of money to justify the amount of time, inconvenience stress and anxiety that Vanguard had caused him – he went on to say that he felt an amount of £500 better reflected the trouble he'd been caused.
- Finally, he stated that he wanted his investment losses recouping for being out of the market for such a long period of time.

Our Investigator was not persuaded to change his view as he didn't believe that Mr G had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Mr G then asked the Investigator to pass the case to an Ombudsman for a decision.

After carefully considering the complaint, I issued a provisional decision on the case as I explained that whilst I was in agreement with our Investigator that the complaint should be upheld, I wanted to amend the redress that I believed Vanguard should pay Mr G to put things right for him. This window gave both parties an opportunity to consider my comments and provide any further evidence before I reached a final conclusion.

What I said in my provisional decision:

I have summarised this complaint in less detail than Mr G has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. Instead, I will focus on what I find to be the key issue here, which is whether the actions Vanguard have taken to put things right for Mr G are fair and reasonable.

My role is to consider the evidence presented by Mr G and Vanguard in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm upholding Mr G's complaint - I'll explain why below.

It seems to me that there's little merit in revisiting why Vanguard didn't transfer Mr G's ISA to Firm S in good time. They've already recognised that there were multiple touch points where things went wrong and have apologised to Mr G. So, I will focus on what Vanguard needs to do to remedy things for Mr G.

The government's money and tax website states that stocks and shares ISA transfers should take no longer than 30 calendar days to move between providers. I've looked closely at the detailed timeline that Vanguard provided to this service – it seems that Firm S

provided notice to Vanguard on Origo (which is the shared IT platform used by firms to send and receive transfers) on 22 March 2023 that Mr G wanted to transfer his ISA to them. So, that meant Vanguard had to move Mr G's funds to Firm S by 21 April 2023.

When Mr G realised the transfer wasn't going as smoothly as he'd anticipated, he contacted Vanguard to understand what the hold ups were which then led to him raising a complaint. Mr G says that he lost faith in Vanguard so on 24 May 2023, he decided to ask for the transfer to be terminated so he could withdraw all of his funds from them. Vanguard returned the ISA monies to Mr G's account on 2 June 2023. And from what I've seen, aside from two withdrawals, the funds have remained in cash since.

In his complaint to this service, Mr G says that he's potentially lost out on any investment growth as a result of his monies not being invested and would like to be recompensed for the time that his monies have spent out of the market. And I agree, although only to a certain extent.

In reaching a decision about how Vanguard should put things right for Mr G, I've thought about what would have happened were it not for their mistakes. As I've already explained, Vanguard received the request from Firm S to transfer the ISA on 22 March 2023. Vanguard, as is common practice in ISA transfers, then disinvested Mr G's monies (on 27 March 2023) so his funds would have been uninvested and not benefited from any investment growth during the 30-day transfer window. Had the transfer gone to plan, Firm S should have received his monies (at the latest) on 21 April 2023 and at that point, they should have been in a position to invest those funds. So, that's the starting point from which Vanguard need to calculate Mr G's lost investment growth potential from.

Following the issues that Mr G encountered with Vanguard, he asked them to put a stop to the transfer on 24 May 2023 and return his monies to him. Vanguard then credited Mr G's funds back into his ISA account on 2 June 2023; that was some 43 days after the monies should have been with Firm S. So, during the window of 21 April 2023 to 2 June 2023, Mr G has potentially lost out on any investment growth through no fault of his own. But, 2 June 2023 is also the point at which, had he chosen to do so, Mr G could have reinvested his money, and the point at which I'm instructing Vanguard to draw a line in the sand from.

Whilst Mr G states that he had no wish to reinvest his monies with Vanguard or retain his funds with them, consumers have a responsibility to mitigate their losses too. From what I've seen of the relationship that Mr G has with Vanguard, he's an execution only client, that means only he is able to decide what monies to invest and where. So, it's ultimately up to Mr G to decide what to do with his funds and whilst he chose to retain them in cash, I can't hold Vanguard accountable for that decision or for any lost investment potential he suffered (from 3 June 2023 onwards) by not reinvesting his returned monies or deciding to transfer them elsewhere, which he was free to do when he received his monies back on 2 June 2023.

Responses to my provisional decision:

After considering my provisional decision, both Mr G and Vanguard responded stating that they both agreed with the outcome and had nothing further to add.

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 neither party to the complaint has added any further comments and both have agreed to the manner in which things should be put right, it therefore follows that I have reached the same decision for the same reasons that I set out in my provisional decision above.

Putting things right

Lost investment growth potential

As we're a quick and informal dispute resolution service, our aim is to try and resolve complaints promptly for both consumers and firms to allow matters to be brought to a conclusion. In light of the fact that Mr G's ISA funds were only modest in size, only out of the market for 43 days and the transfer didn't take place, to keep things simple for both parties and to allow a line to be drawn in the sand, I'm satisfied that the approach I've set out below is fair and reasonable.

- Vanguard should pay to Mr G 8% simple interest per annum on his ISA monies for the period covering 21 April 2023 and 2 June 2023.
- Vanguard should pay this amount to Mr G promptly but no later than 28 days from him accepting the final decision.

Income tax may be payable on any interest awarded.

Trouble and upset

Mr G says that the whole experience of trying to resolve the transfer with Vanguard has been incredible stressful and taken a great deal of his time and effort to put right. Vanguard originally offered Mr G £150 to say sorry.

So, I've thought carefully about the trouble that Vanguard have caused to Mr G as a result of their actions. From the detailed timeline that they've provided, I can see that he had cause to contact them on multiple occasions in May and June. So, I don't think £150 fairly compensates Mr G for the trouble that Vanguard caused to him when I've looked at the energy that he had to put into trying to resolve things with them.

I am however in agreement with our Investigator that a payment of £250 would better reflect the inconvenience that Vanguard have caused him and such a payment is in line with other awards that this service has made in cases of a similar nature to Mr G's. So, my decision is that Vanguard should pay Mr G £250. If Vanguard have already paid Mr G the £150 that they offered to settle his complaint, they should pay him a further £100 so he has received £250 in total.

My final decision

I'm upholding Mr G's complaint and as such, I require Vanguard Asset Management Limited to put things right for him in the manner that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 25 October 2024.

Simon Fox

Ombudsman