

The complaint

Mrs A complains that Handelsbanken Wealth & Asset Management Limited trading as Handelsbanken Wealth Management (referred to hereafter as 'HWM') has acted unreasonably in relation to the transfer of her investment ISA.

What happened

Mrs A is represented in part by her husband Mr A, in bringing the complaint. Mr and Mrs A were existing clients of an adviser from HWM, from whom they received ongoing investment advice.

On 28 June 2023, Mr A instructed HWM to sell down the assets in his and Mrs A's ISAs in order to transfer them to cash ISAs. They did so because they no longer wished to expose their capital to the fluctuations of the stock market. HWM began the process the following day.

On 29 June 2023, Mrs A set up a one-year fixed rate cash ISA with a different business (I'll call this business the 'transferee') with a £1,000 deposit. That same day, Mr A asked HWM to move his and Mrs A's funds quickly to the new ISA.

On 3 July 2023, the adviser's assistant at HWM contacted Mr and Mrs A to ask where the funds should be sent, as the process of selling all the assets wrapped in Mrs A's stocks and shares ISA had since completed.

Mr and Mrs A provided account details to HWM the following day. HWM set up the instruction, with confirmation that it would be completed by 7 July 2023 – which the transferee agreed to.

However, upon receipt of the transfer, the transferee did not transfer the entire cash ISA funds (totalling £64,058.86) to the account details Mrs A had given. Instead, it split the transfer across two accounts – with £19,000 utilising the remaining subscription in Mrs A's new cash ISA and the remaining £45,058.86 in another savings account in Mrs A's name.

Mr A says he and Mrs A were shocked to discover on 8 July 2023 that over £45,000 of Mrs A's capital was now placed in a taxable savings account. The matter thereafter took many months to be rectified with the transferee. The full ISA transfer was eventually completed in September 2024.

On 6 September 2023, Mr A made a formal complaint on Mrs A's behalf to HWM, noting they had since unsuccessfully complained to the transferee business. He said that he and Mrs A strongly believed that HWM had failed to process their instructions effectively. If they had made an error with setting up the new the transferee ISA, neither business should have allowed them to proceed on an improper basis.

On 26 October 2023, HWM rejected the complaint. It said all correct procedures had been followed and it was not at fault for the incorrect account being set up with the transferee.

Mr A then brought complaints about both businesses to this service. He also brought separate complaints on the same basis on behalf of his wife. The other three complaints are all distinct from this complaint and I shan't be addressing them any further here. This decision is limited to Mrs A's complaint about HWM.

In respect of this complaint, Mr A said he and Mrs A had acted in good faith in trying to arrange the encashment and subsequent transfer of their invested funds. However, both HWM and the transferee had tried to place blame on them for the prolonged failure to correctly complete the transfer.

One of investigators reviewed the complaint and felt it should be upheld. He felt that – having liaised with HMRC – the best approach was for the transferee to return the funds to HWM so it could reinstate the funds in full by sending it back to the transferee's agreed ISA wrapper. Any taxable interest could be reimbursed, and the compensation for distress could be paid separately.

Thereafter, HWM and the transferee liaised with one another to resolve the matter for Mr and Mrs A across their four linked complaints. On 11 September 2024, the transferee confirmed it had restored Mr and Mrs A's accounts, with their full transfers being correctly ISA wrapped.

HWM also revisited the complaint and agreed it should be partially upheld. It explained how it now believed the transfer process had fallen apart – though some of the failings related to the actions of the transferee, following Mr and Mrs A incorrectly setting up new one-year fixed cash ISAs. Nonetheless, HWM said it would be prepared to offer compensation for loss of basic rate tax paid on the interest in the new ISA (using the assumed interest rate from the transferee, if this loss had occurred) and £250 each to Mr A and Mrs A for the distress they'd suffered.

On 12 September 2024, HWM confirmed it had not been able to pay the £250 compensation payments to either Mr or Mrs A as it hadn't received instructions as to where to send them.

A second investigator then reviewed the complaint. She said she did not believe HWM was at fault for the mistakes made with the overall transfer – as she felt the issues Mr A had experienced were caused by the transferee. HWM had received account information from Mrs A relating to her new ISA and accordingly completed the transfer to that account; so she couldn't say it had acted unfairly or unreasonably.

Mr A said Mrs A did not accept the investigator's view on the complaint and she wanted it to be passed to an ombudsman. He said, in summary:

- He and his wife had paid HWM for financial advice.
- As part of the service they received from HWM, they were assured that the ISA transfer back to cash with another business would be dealt with seamlessly – which wasn't the case.
- HWM had accepted some liability for the errors with the transfer – it blamed a staff member and agreed to pay compensation.
- There wasn't urgency to make the transfer, as has been suggested; the urgency was merely to sell down the assets in the investment ISA to cash, as it was exposed to more risk than Mrs A wished to take with her capital.
- It is now the case that he and his wife have lost complete trust in HWM.
- They also feel that in reaching two different outcomes, the Financial Ombudsman Service has added to their anxiety and overall upset caused by both HWM and the

transferee business.

HWM agreed with the outcome reached by our investigator. It did note that it had some comments in relation to Mr A's further submissions following Mr and Mrs A's request for review by an ombudsman. It said:

- It was correct that considering a transfer away from an investment ISA into a cash ISA had been discussed with Mr and Mrs A, due to their concerns about market volatility. However, HWM could only facilitate this as a complete process if Mr and Mrs A undertook an internal transfer within the HWM group.
- Instead, Mrs A chose to open a cash ISA with the transferee business because it offered a preferable one-year fixed interest rate.
- It did not admit liability – as the transferee was responsible for Mrs A completing an ISA transfer form.
- It does otherwise agree that it (wrongly) accepted the new ISA account information from Mr and Mrs A and not the transferee – which likely compounded matters.
- However, the transferee should not have accepted the funds in full; and it was at fault for the failure of the transfer into a full ISA wrapper.
- Mr A says he and Mrs A did not act with urgency but his email of 29 June 2023 suggested otherwise.
- Though Mr A has set out that HWM ought to have sent a form to the transferee – this is incorrect. The right process was for the transferee to send HWM a form requesting the funds.
- The reason this didn't happen is a matter for Mr and Mrs A and the transferee – this process is not something that HWM can have any influence over.

Mrs A then made some final comments, along the following lines:

- HWM has acted in an unhelpful and defensive fashion.
- She and Mr A took HWM's word that it would 'handle everything' – they cannot be aware of the process or approach used by either HWM or the transferee.
- HWM was in a position to know and understand the correct regulatory process – and it ought to have followed that process.
- They still remain of the view that more could have been done by HWM other than noting how the one staff member shouldn't have accepted the transfer information from Mr A on 3 July 2023.
- In their view, HWM should take accountability for its staff member making an error and it should commit to improvements in compliance and staff training.

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.

This service's role is to investigate disputes and resolve complaints informally, whilst taking into account relevant laws, regulations and best practice. In reaching my decision, I'll focus on the issues I believe to be central to the complaint to decide what I think is fair and reasonable in all of the circumstances. We are not a court; and though there are rules I may rely on in respect of complaint handling procedures, I am not required to comment on each point or make specific determinations on every submission put forward by the parties.

Mr A and Mrs A have each brought complaints to this service about both HWM and the transferee's actions in relation to their individual investments, as they were both seeking to transfer their investment ISAs to cash ISAs at the same time. This has resulted in four linked

complaints being pursued at this service. Though these decisions will include much of the same wording, they are each individual - and this decision is specific to Mrs A's complaint about HWM.

From my review of this complaint, I appreciate the depth of feeling Mr and Mrs A have about this matter and I realise my decision won't be what they have hoped for. However, I'm unable to agree that Mrs A's complaint should succeed in full against HWM. The reason for that is because the liability for matters going wrong is split between all of the parties. However, mistakes were made by both HWM and (predominantly) the transferee; and I agree that the notable redress for mistakes made falls with the transferee.

Like our investigator, I agree that the one aspect of HWM's misadministration caused Mrs A understandable upset and inconvenience, and compensation should be awarded for that. However, I don't otherwise find that it acted unfairly or unreasonably in relation to actioning the ISA transfer. I'll summarise my reasons for reaching that conclusion below.

On general grounds, I'd expect to see that a business moves an ISA transfer along as quickly as is practicable in the circumstances. Each stage of a transfer may necessitate a different amount of human intervention and effort. Normally, in order to decide how long a transfer ought to have taken, I'd take into account a business's own service level agreements and any wider standards. Furthermore, industry guidance requires transfers of this type to be completed within 30 calendar days.

HWM completed Mrs A's transfer far more quickly than the required guidance; it was in a position to transfer the capital to the transferee within one working week. However, HWM did err when sending the funds – because the staff member that took the new account details did not identify that those details came from Mrs A, rather than from the transferee. The correct process would have been for the transferee to have forwarded these once Mrs A had completed an ISA transfer form.

I realise Mr A says that he believed HWM would undertake all aspects of the transfer to a new cash ISA for himself and Mrs A – but that does not appear to be the case. HWM was able to do this if the cash ISA was one of its own products. However, Mrs A opened up a new ISA with the transferee, because it offered a preferential one-year interest rate for the 2023/24 tax year.

It was in the process of setting up of this account with the transferee – and after HWM had sent the funds as instructed – that it became apparent that Mrs A had mistakenly set up a new ISA account, not a transfer account. This meant the account could only be funded with an additional £19,000 for the current tax year.

HWM has rightly pointed out that the transferee ought to have rejected the transfer sum of £64,058.86 because 1) it exceeded the subscription limit for the new account and 2) the funds were from HWM, not Mrs A directly. I agree with this; and neither of these actions were in the control of HWM. It follows that I do not believe HWM is liable for any taxation which might be payable for the period where Mrs A's funds were incorrectly placed outside of an ISA wrapper with the transferee.

Though there are broad mistakes which happened from all parties involved in the transfer, I agree that the error made by HWM was restricted to the incorrect actions of the adviser's assistant on 3 July 2023. The matters which then took the transfer beyond the 30-day guidance (which would have ended on 29 July 2023) rested solely with the transferee business, as it took time to return the funds to an ISA wrapped account. I have therefore thought about the appropriate compensation for that mistake.

What this service does is consider if a business has treated its customer(s) unfairly because of actions or inactions. And if it has done so, we then go on to consider what ought to be done to put the mistake(s) right. In this case, HWM shouldn't have accepted the account details from Mrs A directly. It knew, or should reasonably have known, that the ISA transfer required a form to be sent from the transferee. However, thereafter, the transferee should have rejected the funds. Had it done so, HWM could have liaised with the transferee and Mrs A to establish correct account details for a complete transfer.

As well as putting right any financial losses in a complaint (though there are none caused by HWM in this circumstance), we also consider the emotional or practical impact of any errors on a complainant. In doing so, we do not fine or punish businesses; that regulatory role falls to the Financial Conduct Authority.

It may be helpful for Mrs A to review the guidance available on our website around the amounts and types of awards made in instances of upset, trouble, inconvenience and distress caused by businesses in the complaints we see at this service.

Considering the impact of the error, I believe the proposed payment of £250 put forward by HWM in its revised outcome to the complaint is reasonable in the circumstances where Mrs A wasn't able to complete her transfer within the timescale. This occurred following a series of issues which could have been identified by HWM, causing notable upset and frustration.

It is unclear to date whether the £250 compensation that HWM has already agreed to pay has actually been sent to Mrs A. I am therefore directing it to make that payment to Mrs A now, if it hasn't done so already.

Putting things right

I believe that HWM has taken reasonable steps to resolve Mrs A's complaint, by recognising its error and offering to pay additional compensation for the ongoing impact of the mistake it made on 3 July 2023. For the reasons set out above, I think this total offer is fair in all the circumstances. So, I consider HWM should pay Mrs A £250, if it has not yet done so.

My final decision

For the reasons explained, I uphold this complaint. I direct Handelsbanken Wealth & Asset Management Limited trading as Handelsbanken Wealth Management to pay £250 to Mrs A. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 13 January 2025.

Jo Storey

Ombudsman