

complaint

Mr R's complaint is about the transfer of funds from his Individual Savings Account (ISA) held with Financial Administration Services Limited (FASL) from its "Cash Park" facility (CAPA) into the Woodford Patient Capital Offer Fund (WPCOF). Mr R received confirmation from FASL that £0.02 had been invested and he expected the rest to follow. But this didn't happen.

background

After transferring his ISA funds of approximately £20,600 into an ISA held with FASL, Mr R sought invest this into the WPCOF. But as the transfer had been made by cheque, the funds hadn't cleared by the time the application for investment in that fund had been made. This led to only 0.02 units being bought.

The adjudicator who assessed the matter didn't recommend that the complaint be upheld. In brief, although she'd originally felt it hadn't been made sufficiently clear to Mr R that only 0.02 units had been bought, following further investigation she felt the online process Mr R used to transfer his funds was clear. As such, she thought that Mr R ought reasonably to have been aware that only 0.02 units had been bought.

The adjudicator noted that the online application process meant that Mr R received confirmation of the actual number of units which had been bought at four different stages. She also said that Mr R was sent confirmation of the 0.02 units. The adjudicator didn't doubt Mr R's intention to transfer the whole amount, but noted that no confirmation had been sought that the remainder had been used to purchase units.

The adjudicator also acknowledged that Mr R may not have been aware that the settlement period for the cheque to clear was five days, but it was noted that FASL provided information relating to this when the switch was made.

Mr R disagreed, however, saying FASL's method of informing him about his available funds was flawed. He said it had inadequate systems which accepted instructions contradicting the terms of issue – which was that the minimum subscription was £1000. He also said it had inadequate management reporting to alert it to unusual situations.

Mr R also said that the confirmation of transaction letter was actually an acknowledgement of receipt and that it wasn't made clear in this letter that his funds weren't available for dealing. Mr R also asked to see the screenshots provided by FASL.

The adjudicator replied, saying she couldn't require FASL to put systems in place which would enable it to reject an application lower than the advised minimum investment. But she was in any case satisfied that the online process and documents sent following the transaction were sufficiently clear in terms of how many units were invested. She also sent Mr R the screenshots provided by FASL.

Mr R requested a review of his complaint. In doing so, he raised the following further queries:

- Whether the screenshots supplied by FASL were the ones he would have seen.
- Why the system accepted an application that was below the minimum amount and why he wasn't advised of this.

- Why the confirmation of transaction letter was headed as such but was in fact an acknowledgement of receipt
- Whether the statement about settlement terms on the confirmation of transfer of his cash ISA from the ceding provider was clear enough for him to understand there would be a further five day clearance period before funds were available.

As agreement's not been reached, the complaint's been passed to me for review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd firstly say that I agree that it was clearly Mr R's intention to buy more than 0.02 units in the WPCOF. And I sympathise with Mr R's frustration that this didn't happen. But in order to uphold the complaint, I'd need to be satisfied that FASL has made errors which led to this situation.

In considering this, as with the adjudicator I've noted that at several points in the application process the actual number of units which was being bought was set out at several different points. I have no reason to believe that the copies of screenshots provided aren't representative of what would have been displayed to Mr R. I do therefore think it likely that Mr R would have been aware that this was the case. Mr R has said that he believed the remainder would follow, so I must then decide whether this was a reasonable expectation which was falsely created by FASL during the transaction.

But I don't think it was in this instance. I accept that there has been some miscommunication over the number of days it actually takes for the settlement process of cheques to complete. But the confirmations of transaction for both the transfer into the ISA and the unit purchase both set out that Mr R might not be able to deal on the investment until the settlement period had expired. A similar warning was included on the website.

I also note that, given the actual settlement period for the cheque, Mr R could not have purchased units in the WPCOF for several days – FASL has said it wasn't possible until 23 March 2015. And the confirmation of transaction was uploaded to Mr R's account on 23 March 2015, confirming the number of units bought. But I note that the offer period didn't expire until 14 April 2015, so Mr R would have been able to buy additional units as soon as the transferred funds had settled in his account.

I acknowledge that Mr R simply believed the initial confirmation of transaction to show a nominal opening transaction amount and assumed the remainder would follow. And so he may not have thought it necessary to query it. But I don't think this is an assumption which it could reasonably be said to have been created by FASL. It might be expected, for example, that an explanation of any such notional amount would be set out in the confirmation of transaction itself. Or that a follow up confirmation of transaction would have been loaded to Mr R's account for the remainder. As Mr R had seen the initial confirmation of transaction, I don't think it's an unreasonable expectation that he would have queried the lack of any follow up notification confirming the purchase of the anticipated much larger amount.

Mr R has also questioned the ability for him to buy such a low amount of units, given the stated minimum subscription of £1,000. I have some sympathy with Mr R in this regard, as FASL's comment that this was a "guideline amount" wouldn't be particularly consistent with

the concept of a minimum subscription. But such minimum amounts are usually set to benefit the business in minimising administration costs through the economy of scale. And so I don't think it's unreasonable for a business to in fact make it possible to accept a lower amount than the stated minimum subscription – which would typically benefit the subscriber.

Overall, I don't think I can conclude that FASL has made errors which it could reasonably be said have contributed to a loss here. The purchase couldn't have happened on 19 March 2015 as the transfer cheque hadn't cleared and I don't think Mr R was misled into believing that the transaction he assumed had taken place had in fact been processed. There have been instances of miscommunication, but I see that FASL has paid Mr R £50 in respect of these as a gesture of goodwill. This seems fair in the circumstances.

my final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 January 2016.

Philip Miller
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