

The complaint

Mr W complains that AJ Bell Securities Limited (AJB) told him that it would be able to arrange the in-specie transfer of his investments from his existing platform provider to AJB within two weeks. The investments were held across three accounts, a share dealing account, an ISA, and a Junior ISA.

It took over three months before the final transfer was completed. Mr W says the delays he experienced were caused by AJB. To put matters right he wants AJB to reimburse him for the £90,000 financial loss he says he has suffered as a result of being unable to trade while the transfer was being processed.

What happened

Mr W wanted to transfer investments held across three accounts from his previous investment platform provider to AJB.

It appears there was an avoidable delay of nearly three weeks on AJB's part. It received a valuation of Mr W's investments from his previous platform provider on 6 May 2021, for his ISA and share dealing account, but it didn't contact Mr W to ask for his instructions on the rejected assets and to complete a W-8BEN form until 26 May 2021.

There was then a further delay of over three weeks while AJB waited for Mr W to respond. Mr W provided AJB with his instructions on the rejected holdings on 10 June 2021, and he then provided a completed W-8BEN on 21 June 2021.

ISA transfer

I understand that AJB first requested a valuation of the assets in Mr W's ISA from his previous platform provider on 29 April 2021. All the assets AJB was able to hold were transferred and were available to trade in Mr W's AJB ISA by 30 June 2021.

Junior ISA

I understand that AJB first received a transfer form from Mr W's previous investment platform for the Junior ISA on 19 May 2021. It appears that the assets in the Junior ISA were sold before the in-specie transfer was completed. It's not clear from the records available when the assets were sold, but AJB have confirmed they received a cash valuation on 14 July 2021, so it appears the assets were sold before this date.

The cash held in the Junior ISA was then transferred to AJB and I understand that the cash arrived in the Junior ISA that had been set up with AJB on 30 July 2021.

Share dealing account transfer

I understand that AJB first made a valuation request to Mr W's previous investment platform provider on 30 April 2021, in respect of the investments held in his share dealing account. There were a number of assets involved in this transfer, including both shares and funds.

The funds settled in Mr W's AJB share dealing account on 8 July 2021, 14 July 2021, and 23 July 2021 respectively.

It appears there were delays in the transfer of the shares Mr W held in his share dealing account, but these delays appear to have been caused by Mr W's previous investment platform provider, not AJB.

I understand that AJB proposed to the previous investment platform provider that all the shares held in Mr W's share dealing account should be transferred to AJB on 30 June 2021. It is unclear why, but for whatever reason the previous investment platform didn't instruct the transfer. It then emailed AJB on 8 July 2021, and asked AJB to review the transfer by the end of the next business day. It appears that AJB didn't respond to this email within the timeframe. The transfer was then arranged for 26 July 2021 and the shares were allocated to Mr W's AJB share dealing account on 28 July 2021.

However, one shareholding was not transferred with this tranche of shares as there was a corporate action on this stock in late June 2021. This resulted in the shares being consolidated. As a result of the corporate action the number of shares to be transferred to AJB, their value and the identification number for the shares changed before the transfer was processed. The previous investment platform provider gave AJB the updated information for these shares on 8 July 2021, but it failed to provide a new valuation. As the valuation was no longer correct these shares weren't included in the 28 July 2021 transfer.

AJB then contacted the previous investment platform provider again and arranged for these shares to be transferred. I understand that the shares were then transferred on 12 August 2021. Mr W says these shares did not settle in his account until September 2021.

Mr W complained to AJB. He said he had been told that the in-specie transfer would take two weeks. He said he had lost around £90,000 as he had been unable to trade while the transfer was in progress.

AJB provided a detailed response. It noted that it had contacted Mr W by email on 26 May 2021, asking him to complete a W-8BEN form and setting out that it would not be able to accept the transfer in of two of Mr W's holdings. Mr W did not reply to AJB with his instructions regarding these holdings until 10 June 2021, he said he would sell one of the funds and he instructed AJB to convert the other fund holding. He did not provide a completed W-8BEN until 21 June 2021. AJB said it couldn't reasonably be held responsible for this delay.

It also noted that it had chased Mr W's previous platform provider when it noticed that the funds that had been transferred had not settled in late June 2021. And it said it did not think it could reasonably be held responsible for the delay in transferring the stock that had been subject to a corporate action.

It also responded to Mr W's claim that an AJB representative had told him both verbally and in writing that the transfer would be completed on 24 June 2021. AJB said it had reviewed its call recordings and it was satisfied Mr W had not been given any such assurance. It said an email sent to Mr W in late June had said AJB had issued its acceptance for the fund transfers to Mr W's previous platform provider on 24 June 2021, and the email had noted that it had not received a response to its acceptance.

It did accept however, that it should have contacted Mr W more promptly about the rejected assets and the W-8BEN as it was nearly three weeks after it had received the valuation of Mr W's assets before it contacted him. To put matters right it offered to pay Mr W £400 for this delay on AJB's part.

Mr W did not accept AJB's response and referred his complaint to this service.

Our investigator said that having reviewed the evidence and information available, he thought the offer AJB had made was fair in the circumstances of this complaint. He said he was satisfied that two of the three transfers were completed within AJB's usual timeframes, and although the third exceeded the timeframe, the delay wasn't caused by AJB.

Mr W did not accept our investigator's view. He provided a detailed response and additional information. In particular he said:

My serious concern was the length of time for transferring, cash, shares & funds. In AJB's written information and literature online AJB stated, 2-4 weeks for cash, 4-6 weeks for shares and 6-8 weeks for funds. I would not transfer my investments with periods of 6-8 weeks and stated that to [name of AJB employee]. Over 90% of my investments were invested in British funds which I was assured by [name of AJB employee] would be a straightforward transfer in two weeks. The funds would retain the same titles, but just a different Investment company...

...During our conversations I emphasised the amount invested and [name of AJB employee] assured me that the transfer would only take two weeks maximum. My main factor and concerns were that I would be unable to trade on my funds, sell or buy for the two-week assured transfer period. In effect I could not earn an income but more importantly the funds could drop significantly and I would be unable to sell and potentially lose capital from my ISA and Dealing account until the transfer was completed.

I asked [name of AJB employee] if it would be prudent to cash my entire funds in the ISA and Dealing account and transfer as cash to AJB due to "Cash only 2-4 weeks" and securing the sold price, therefore not being concerned for any pending drops and unnecessary concerns due to being unable to access my accounts. [name of AJB employee] assured me once again that the transfer "would only take a couple of weeks". So, on that advice ...I initiated the transfer of ALL my funds including my son's JISA over to AJB.

Mr W also said:

As stated in previous correspondence to AJB and the ombudsman, I informed AJB that I needed to access my two accounts so that I could sell my funds before the end of June 2021 due to the expected fall in the US market. I expressed this importance numerous times to AJB.

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.

Mr W has made detailed submissions to this service in connection with this complaint. I have read and listened to all the information Mr W and AJB have provided, and I have taken it into account when determining this complaint.

However, I have not addressed every point Mr W has raised in this decision. We are an informal dispute resolution service, and I am not required to address every point raised. I have instead focussed on what I consider to be the crux of Mr W's complaint. I trust that Mr W will not find this a discourtesy.

two week transfer

In his response to our investigator's view Mr W said he wanted this service to request call recordings from AJB as he felt they would evidence that he was '*assured that the transfer would only take two weeks maximum*'. I have listened to the call recordings provided by AJB (and the call recordings provided by Mr W). Having done so, I have not been able to find anything that supports Mr W's recollection that he was told the in-specie transfer '*would only take two weeks maximum*'.

In the conversation Mr W had with AJB on 29 April 2021, before he submitted his application to transfer his investments to AJB, Mr W asked how long the process would take and whether it would be possible to '*speed the process up*'. The AJB employee he spoke to told him; '*We are at the mercy of the counterparty. We are reliant on them sending the assets and cash to us.*' She also directed Mr W to AJB's website for more information and to start the transfer process.

Mr W then said; '*I need to move sharpish on this... do you think this can be done in the next couple of weeks?*' Again, the AJB employee did not offer any guarantee or assurance that the transfer could be carried out within a specific time, and she explained that the length of time for the transfer to be completed would depend on the investments Mr W wanted to transfer.

In his response to our investigator's view Mr W said he '*... asked [name of AJB employee] if it would be prudent to cash my entire funds in the ISA and Dealing account and transfer as cash to AJB due to "Cash only 2-4 weeks" and securing the sold price, therefore not being concerned for any pending drops and unnecessary concerns due to being unable to access my accounts. [name of AJB employee] assured me once again that the transfer "would only take a couple of weeks".*

There was no discussion in the call recording from 29 April 2021, that has been provided to this service about whether Mr W should encash his holdings and then instruct a transfer of the cash. The only reference to this in the call was Mr W telling the AJB representative '*I don't want to lose anything. I just want to move A to B, so nothing is cashed.*' The AJB employee explained this was called an in-specie transfer.

Having very carefully considered this matter, I have not been provided with anything that supports Mr W's recollection that he was told an in-specie transfer of his investments would be completed within two weeks. Nor have I been provided with anything that supports Mr W's recollection that he discussed encashing his investments and transferring the cash to AJB, or that he was advised by AJB not to encash his investments.

I note that in his response to our investigator's view Mr W has provided an extract from AJB's website that sets out how long transfers '*typically take*'. It said:

To give you a better idea of how long your transfer will take, here's how long each type of investment typically takes to transfer.

And it set out a time scale of 2-4 weeks for cash transfers, 4-6 weeks for shares, 6-8 weeks for funds, and 10-12 weeks for international shares.

I haven't seen anything that shows or suggests that AJB provided any guarantee that a transfer of either cash or stock would be completed within a specific time scale. Nor would I expect a business to provide any such guarantee. As AJB explained to Mr W, it needed to work with the business the cash or stock was being transferred from and it didn't have the power to order another business to respond by a certain date. I think the extract Mr W has provided makes clear that the timescales set out were not guaranteed.

In the absence of anything to support Mr W's claim that AJB gave him assurances that the transfer would be completed within two weeks, I cannot reasonably uphold this aspect of his complaint.

I note that Mr W also says that AJB told him the transfer had been completed on 24 June 2021. Again, I have not been provided with anything that would support this claim. The records I have seen say that AJB had issued its acceptance for the fund transfers to Mr W's previous platform provider on 24 June 2021 and noted that it had not received a response to its acceptance.

Delays in the transfer process

As I have set out, based on the evidence I have been provided with, I am satisfied that Mr W wanted to transfer his investments in-specie. An in-specie transfer allowed Mr W to remain invested throughout the transfer process.

However, with in-specie transfers there is always the risk that the asset values fall during the transfer. If the value falls by more than the cost involved in selling and then buying back the investments (after the cash has been transferred to the new platform provider) then the investor would have been better off encashing their holdings. It is usually only with the benefit of hindsight that it is possible to say whether it would have been better to encash the holdings or transfer them in-specie.

It is not in dispute that AJB did not contact Mr W about the rejected funds until nearly three weeks after it had received the valuations from his previous platform provider. AJB has not explained why, despite having received the valuations on 6 May 2021, it didn't contact Mr W requesting the W-8BEN and asking for instructions regarding the rejected funds until 26 May 2021. It has offered to pay Mr W a total of £400 for this poor service on its part.

However, I am mindful that Mr W did not respond to AJB until 10 June 2021, with his instructions regarding the rejected funds and only completed the W-8BEN form on 21 June 2021, after AJB had sent him a reminder on 19 June. This also resulted in a delay of over three weeks. Mr W has not made any submissions on this delay, so it's not clear to me why he didn't respond promptly to AJB. As Mr W did not return the W-8BEN until 21 June 2021, I don't think he could reasonably have expected the transfer of his holdings to have been completed by late June 2021.

Once AJB received the information from Mr W it promptly issued its acceptance of his assets on 24 June 2021. On 29 June 2021, it chased Mr W's previous investment platform provider for settlement of his funds. In view of this I am satisfied that once it had received the necessary instructions and form from Mr W, AJB acted promptly to process the transfer.

I am mindful that Mr W has said that:

Due to the long-extended delays of the transfers and settlement in both accounts especially the dealing account I incurred huge financial losses ...

...Being unable to trade in the 6 different Shares holdings until September especially [name of shareholding] from April to September I could not trade which invariably incurred by a high financial loss.

Due to these long-extended delays, I was unable to trade and therefore could not make any profit on my investments from April to September and incurred further losses due to the Dealing account and shares not being settled in the times stated and the promises made by the [name of AJB employee].

I am mindful of the points Mr W has made, but it is often possible to trade even after an in-specie transfer has been requested.

As long as the investments are not in the process of being re-registered most providers will allow clients to trade during the transfer. If Mr W had wanted to sell holdings during the transfer period it is not clear to me why he didn't contact his previous platform provider to see if this would be possible.

I note that Mr W has said that he '*...informed AJB that I needed to access my two accounts so that I could sell my funds before the end of June 2021 due to the expected fall in the US market. I expressed this importance numerous times to AJB*'.

If Mr W had wanted to sell holdings '*before the end of June 2021*' I think he ought reasonably to have instructed his previous platform provider to ring fence these investments, so that they were not part of the initial in-specie transfer. Mr W would then have been free to sell them when he deemed it appropriate and transfer the cash to AJB at a later date.

summary

I appreciate that Mr W feels that transferring his investments in-specie should have been straightforward, but the process involves a number of steps and possible delays including delays on the part of the previous platform provider providing information to AJB. In addition, each investment needed to be re-registered to Mr W's new account with AJB.

I accept that AJB caused a delay of nearly three weeks when it failed to contact Mr W promptly about the rejected holdings, but I am mindful that it then took Mr W over three weeks to provide AJB with his instructions for the rejected holdings and the W-8BEN it had requested.

Although I am sympathetic to Mr W's position, I have not seen anything that supports his claim that AJB told him an in-specie transfer would take two weeks. I note that Mr W says:

If I thought or knew the process took more than 2 weeks, I would have sold my entire holding as cash so that it could transfer in "2-4 weeks"

It is very unfortunate that Mr W did not seek more information on in-specie transfers before instructing AJB, had he done so it appears Mr W may well have chosen to encash his holdings. But I can't reasonably hold AJB responsible for any misunderstanding on Mr W's part about the length of time in-specie transfers might take, or the process involved.

Having carefully considered this complaint I am satisfied that, although some of the transfers took longer than the timescale set out on AJB's website, no guarantee was provided to Mr W that the transfers would be completed within a specific time frame.

I think the offer AJB has made to pay Mr W £400 for the delay in contacting him about the rejected investments and W-8BEN is fair in the circumstances of this complaint.

My final decision

My decision is that, for the reasons I have set out above, I think the offer AJ Bell Securities Limited has made to pay Mr W £400 for the delay in contacting him about the rejected holdings is fair. I don't think it needs to do any more to resolve this matter. I simply leave it to Mr W to decide if he now wishes to accept this offer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or

reject my decision before 2 August 2023.

Suzannah Stuart
Ombudsman