

The complaint

Mr S complains about the way Virgin Money Unit Trust Managers Ltd handled his request to switch his ISA investments to a new fund. He says there were delays and the handling caused him inconvenience and impacted his wellbeing.

What happened

In February 2022, Mr S's husband wrote to Virgin on her behalf to ask for her existing stocks and shares ISA to be transferred to a Climate Change fund. They chased the fund switch over the following months and had various communications with Virgin trying to get the switch finalised. Eventually on 6 June 2022 the funds switch was completed. Virgin sent a cheque for £50 to recognise the delays in dealing with the request. But as Mrs S wasn't clear that she hadn't been disadvantaged by Virgin's handling of the switch she continued to raise queries throughout June and July 2022.

In late August 2022, Virgin wrote to Mrs S to confirm the switch had taken place on 6 June, and a price comparison was completed on 30 June to see if she had lost out because of the delays in completing the switch. This resulted in Virgin purchasing further units and adding them to her investment. It also apologised for any distress, delays and inconvenience it caused and said it would send an ex-gratia payment of £100 in recognition of this.

Mrs S continued to query whether the fund switch had been correctly completed and contacted our service for help at the end of September 2022. One of our investigators looked into the complaint. She acknowledged that the fund switch had been delayed and Virgin should have dealt with things better. But she thought it had already fairly compensated Mrs S for the problems she incurred, so didn't recommend any further compensation.

Mrs S didn't accept the investigators findings. She reiterated her concerns that she had wasted time and money over many months trying to get everything sorted. She says Virgin has provided false information. She also raised a further point about still not receiving the bi-annual payments from the fund into her bank account as she requested.

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.

It is clear from the submissions of both parties that the fund switch that Mrs S requested in February 2022, wasn't handled in the way it should have been. While I haven't detailed everything that's happened, I want to reassure Mrs S that I have read everything she has told us about the problems she encountered in making the fund switch. Because Virgin has accepted that it did make errors and caused delays, I will focus on whether the subsequent action it has taken fairly compensates Mrs S for its errors.

I also note that Mrs S's husband was seeking to make a similar fund switch to investments held in his name. I note correspondence was sent at times on behalf of each other regarding the switch, which is understandable given they are a married couple making the same

request. While they both have separate complaints (because their investments were held individually) which we are considering, in reaching my decision I've taken into account the fact their dealings with Virgin were often on a joint basis or on behalf of one another.

Firstly, with regard to financial loss, I'm satisfied that Virgin has taken the appropriate steps to compensate Mrs S for any loss caused by the delays in completing the fund switch. The fund switch should have been completed in February 2022 shortly after the first request was made. But due to delays it wasn't completed until the 6 June 2022. Virgin has accepted responsibility for the delays. It looked at whether Mrs S would have been able to purchase more units using the value of her investment if it was completed without delay. Its calculation shows that she would have received more units in the Climate Change fund in February 2022 than she actually did when the switch completed in June 2022. This is her financial loss. To compensate her it purchased the additional units shortly afterwards and added them to her fund. I'm satisfied this method fairly compensates Mrs S for the loss she suffered due to the delay because she now has the same number of units as should have received if the switch was completed in February 2022 – as it should have been.

Mrs S has provided details of the practical and emotional impact Virgin's handling of the situation has caused her and her husband. I have considered all of the evidence provided by Mrs S. I can see that she has suffered inconvenience in needing to chase things up and arranging for many letters to be sent to seek clarification. She has also provided information on how the whole situation has impacted her wellbeing, particularly causing worry about what was going on. I do think it is appropriate for Virgin to compensate her for this. It has clarified that it has made payments to her totally £150. As mentioned, Mrs S's husband also corresponded with Virgin regarding the fund switch on her behalf. I note he has also been offered compensation individually as part of his complaint. I've considered the impact of Virgin's action on Mrs S, overall, I find that compensation offered to her to be fair and reasonable in the circumstances.

Lastly, I note that Mrs S has made submissions and queries whether Virgin has set up and made payments to her to provide income from the new fund. She has mentioned she was expecting to receive bi-annual payments into her back account. Virgin has clarified that the Climate Change fund is a distribution fund. This means any income earned by the fund is reinvested, and no income would be paid to clients (unlike Mrs S's previous fund). Virgin says this information was included in the key investor information document (KIID). I've reviewed this document and see that it does confirm that income from the funds would be reinvested - and I've seen nothing to suggest bi-annual income would be paid to Mrs S. I've also seen evidence in a letter signed by Mrs S on 31 May 2022 that she had reviewed the KIID. So, while I appreciate that Mrs S was expecting to receive income payments, this isn't something that is a feature of the fund she selected. It follows that I haven't found that Virgin has made an error by not making payments or setting them up to be paid to Mrs S's bank account. But rather I've found the new fund operates differently to the previous fund Mrs S was invested in which did make income payments.

In conclusion, I find Virgin failed to handle Mrs S's fund switch in a timely manner. It has ensured she hasn't been disadvantaged by the delays by completing a unit comparison and adding additional units to her investment. It has also offered compensation to reflect the impact of its handling of the request. I find the actions taken to cover any financial loss and the level of compensation offered to be fair and reasonable in the circumstances. I understand the compensation was paid by cheque, but I'm unsure if they have been cashed by Mrs S. If the cheques haven't (or can't) been cashed then Virgin should cancel and reissue them, so Mrs S receives the compensation.

My final decision

My decision is the actions taken by Virgin Money Unit Trust Managers Ltd to compensate Mrs S are fair and reasonable in resolution of the complaint. I do not require it to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 1 November 2023.

Daniel Little
Ombudsman