

The complaint

Mr B complains that Halifax Share Dealing Limited (“HSDL”) delayed a transfer of his stocks and shares ISA to another provider, preventing him from trading as he wanted, so incurring him a significant loss.

What happened

In February 2021 Mr B requested that HSDL transfer his share holdings and cash to an ISA held with another provider. Mr B’s ISA included shares in Vanguard FTSE All World ETF, shares in Tesla and around £55,000 in cash. Mr B says he intended to use the cash to purchase shares in two funds equally which he already held with new ISA provider.

By July 2021 the transfer process was still ongoing, so he raised a complaint.

HSDL accepted failings in administering the transfer and offered Mr B £400 for the distress and inconvenience caused. In summary, it said:

- It didn’t receive Mr B’s request until 22 April 2021 as the new provider sent it to the wrong address. However, the request wasn’t logged on HSDL’s system until 1 June 2021, causing a delay of five weeks.
- The Vanguard FTSE All World ETF was transferred in-specie on 6 August 2021, while the Tesla shares did not settle out of its platform until 1 November 2021.
- The transfer of cash is usually done once all in-specie assets have been transferred, unless otherwise specified by either the investor or their new provider and it noted that Mr B didn’t inform HSDL of specific intentions to invest the cash until he sent a letter on 27 July 2021.
- HSDL received Mr B’s new provider’s request to transfer the cash element on 19 August and this was completed on 24 August 2021.
- The UK government timeframe of 30 days should be used as a guideline and that it clearly states its current and average transfer timescales on HSDL’s website.
- It does not explicitly advise to stop trading from the moment an investor request a transfer.
- However, the late payment of the cash element being directly related to its delayed completion of the in-specie transfers, so it upheld Mr B’s complaint for significant delays leading to a loss of expectation.

Mr B didn’t accept HSDL’s findings and so he referred his complaint to this service for an independent review.

An investigator at this service considered the matter and felt that HSDL had done enough to put things right for Mr B. In summary, they said:

- HSDL had posted on its website in March 2021 that there was currently delays of up to 12 weeks for ISA transfers.
- Although delayed, the shares were transferred in specie so without incurring any loss.

- Mr B intended to buy shares equally between two funds he already held with his new ISA provider.
- Mr B couldn't have bought shares in one of these funds through HSDL, but he could have purchased shares in the other fund with HSDL at any time during the transfer.
- They could understand why Mr B was cautious about trading during the transfer as he didn't want to delay the transfer. But they said HSDL had been clear about the timescales for transfers meaning Mr B had time to make an informed decision to invest his cash, rather than be out of the market.
- So they didn't think Mr B took reasonable steps to mitigate his loss.

Mr B didn't accept the investigator's findings. He said he was operating with no information other than the information on the HSDL's website and this said not to trade once the transfer request was made in order to prevent further delays.

As no agreement could be reached, the matter was referred to me to decide.

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.

HSDL accepts that it caused unnecessary delays in transferring Mr B's ISA to his new provider and so I don't need to make a finding on this. The key issue for me to consider is whether HSDL has fairly compensated Mr B for these delays. And having done so, I'm satisfied that it has. I'll explain why.

Mr B's investments held in his ISA were transferred in-specie and I'm not aware of any intention to sell these after transferring to his new provider. So, it's clear that Mr B hasn't suffered a loss on these because of HSDL's delays.

However, it is the cash element of his ISA which Mr B believes HSDL's delays has caused him an investment loss. Mr B says it was his intention to use this to purchase shares in two funds equally which he already held with new ISA provider. He says that had the cash been transferred sooner he would have been able to purchase more shares in the funds.

Whilst I accept that the cash would have transferred to his new provider sooner had HSDL completed the transfer in a timely manner, I also think Mr B could have mitigated any potential loss. I say this as Mr B was aware when instigating the transfer that HSDL were taking longer than usual to transfer ISAs. In his submission to this service Mr B provided the following excerpt from HSDL's website regarding its timescales:

"Current transfer timescales

Due to the unprecedented demand for our service transfers are taking longer than usual. Transfers are currently taking up to 12 weeks and there is currently a delay of 3 weeks to log your initial request. We are working hard to process transfers as quickly as possible and apologise for any inconvenience this may cause."

So it's clear Mr B was fully aware that his transfer was going to take some time and if it was imperative to him that he had access to cash sooner to invest in his ISA with his new provider, then he had a number of options available to him to do so.

Whilst its normal practice in ISA transfers for cash to be transferred following an in-specie has completed, so cash is available in case any outstanding payments are due, Mr B could have contacted HSDL to request the cash been transferred sooner. I understand HSDL were

unaware of Mr B's intentions to invest his cash until he contacted it in July 2021. HSDL did transfer the cash before the ISA transfer had completed following Mr B's new ISA provider's request to do so on 19 August 2021. So, whilst Mr B did eventually make a request to transfer the cash before the ISA transfer completed, I think he could have done this much sooner than he did. And had he done so, he would have mitigated his loss.

Alternatively, Mr B could have invested the cash with HSDL and amended his transfer. I understand Mr B says he was operating with no information other than the information on the HSDL's website and this said not to trade once the transfer request was made in order to prevent further delays. However, HSLD explained in its final response letter to Mr B that it doesn't explicitly advise to stop trading from the moment a transfer request is made. Whilst I accept that in doing so, it *may* have delayed the transfer, I'm satisfied that Mr B was aware that the transfer wouldn't complete for up to twelve weeks and so he had ample time to make any investments if he didn't want his cash to remain uninvested.

Finally, Mr B could have cancelled his transfer, knowing how long it would likely take, and simply withdrawn the cash before making the transfer again.

So, taking into account all of the above, I'm satisfied that whilst HSDL caused unnecessary delays, it wouldn't be fair or reasonable to ask it to compensate Mr B for his potential investment loss. I accept that the delays did cause Mr B some distress and inconvenient as it's clear he was doing a lot of chasing to try and understand what was delaying the transfer but I think HSDL's offer of £400 fairly compensates him for this.

My final decision

My final decision is that Halifax Share Dealing Limited's offer of £400 for the distress and inconvenience caused is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 October 2023.

Ben Waites
Ombudsman