

The complaint

Mr C has complained about the delays he experienced, and the service received when transferring ISA accounts to Santander UK Plc ('Santander') from other product providers. Mr C suffered stress, severe inconvenience, anxiety, and financial loss. He wants financial compensation.

What happened

In February 2021 Mr C completed an online application and sent the relevant forms for ISA transfers from two other providers – the ceding businesses – who I shall refer to as Company A and Company B in my decision.

The transfers were for;

- From Company A – a stocks and shares ISA valued at around £6,885 (which I shall refer to as £6,000 for ease of reading).
- From Company B – two cash ISAs, one valued at around £52,114 (£52,000) and the other at £17,555 (£17,000).

Mr C wasn't satisfied with the amount of time it took for the transfers to complete and had difficulty in transferring cash to his Santander Investment Hub account. He said he had made on-line ISA transfer request notifications on 25 February and mailed hard copies of those requests altogether on the same day. Because of the delays he complained to Santander.

Santander initially responded to Mr C's complaint on 14 April 2021. It said;

- For the two transfers from Company B it received one transfer request on 4 March 2021 for £17,000 and sent its acceptance letter to Company B on the same date.
- For the larger sum of £52,000 it received the request on 9 March and sent its acceptance letter on the same day.
- It couldn't locate any technical errors on its part.

Santander addressed Mr C's complaint more fully in its letter of 11 May. It said;

- For the transfer from Company A it received Company A's letter and cheque on 24 March and £6,680.29 was added to Mr C's Investment Hub account on 31 March when the funds would need to 'settle' on the platform before they could be used for investments. It processed this transfer successfully.
- For the transfers from Company B it received both cheques on 7 April but then received notification that they couldn't be cashed as they were no longer valid.
- It received a replacement cheque for £52,000 on 15 April and the funds were added to Mr C's Investment Hub account on 22 April. Mr C invested those funds on 29 April.
- The second cheque payment for £17,000 wasn't received until 28 April and the funds

added to Mr C's Investment Hub account on 6 May. At the time of the letter being written the funds may still have been 'settling' on the account for Mr C's use.

- The cheque received on 28 April included a note confirming that the cheques issued on 12 April had been stopped and new cheques were included. But only the one cheque for £17,000 was included.
- Mr C had said he needed access to the funds as he was buying a property and had to cash in his pension as a result. But Santander concluded that the cheques were handled correctly, and it wouldn't accept any liability for the cashing in of his pension.
- It apologised for Mr C being cut off during a call and for the different cheque clearance timescales he had been told.

Unhappy with the outcome Mr C brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint thought that Santander should do more. In his letter of 1 June, he said;

- He outlined in detail the timeline for the transfers from Company A and Company B.
- He was satisfied the transfer and payment from Company A was handled correctly.
- He said that Santander was responsible for some of the delay experienced by Mr C in the transfer of his two ISAs from Company B. So, for financial compensation he suggested that Santander calculate and compensate Mr C for any units and interest he would have lost as if the total of £69,930.98 had arrived in his Investment Hub account within 30 days from 30 March 2021.
- He also concluded that Mr C had experienced trouble and upset in trying to resolve the issue which included a significant amount of money. And as Mr C's wife had raised a similar complaint and which had been reviewed and upheld, while his complaint was not reviewed, could only have added to the trouble and upset he was caused. He thought Mr C should be paid £150 on top of and financial loss he had suffered.

In its response, Santander suggested that the date of 8 April 2021 be used for calculation purposes. This was because Mr C hadn't invested the funds he received on the date of receipt. In one instance he invested seven days after receipt and 18/20 days for another. Our investigator thought this was fair. He made Mr C aware of this and that any adjustments would be done by adding units to his existing holdings. No interest would be due as this was accounted for in the adjustment of the number of units. He reiterated that he thought the £150 offer was fair.

In order to conclude the matter Mr C accepted the investigator's suggested outcome and was prepared to accept the credit by way of a positive adjustment to the amount of shares he held. But he wasn't willing to accept the suggested offer of £150 for the distress and inconvenience he had been caused.

This was because his wife had a similar complaint and Santander awarded her £400 along with admission of its errors and the inconvenience caused. In Mr C's case, Santander had failed to acknowledge or address his complaint beyond 20 September. The complaints were identical in character, but it had been Santander's suggestion to split the one complaint Mr C and his wife had jointly made into two. Mr C thought £750 would be a fairer offer.

A second of our investigator's reiterated the offer of £150 to Mr C and outlined the difference in the complaint points with those of Mr C's wife and the reasons why she thought the offer was fair. She also said that the offer Santander had made to Mr C's wife was made without

any involvement from this service and if it had, it would unlikely have been such a high award.

Mr C disagreed with the investigator and also thought it hadn't addressed the issue that Santander's documents clearly stating that all transfers would be completed within 30 days and that compensation should be paid for all and any delays thereafter.

In his later response Mr C said that two issues still hadn't been resolved;

- The first was that the Santander Investment Hub key features document said that 'once we've received your transfer forms, it can take up to 30 days for your transfer to be completed.'
- And the second was that every time it took an additional seven or more days from when Santander first notified Mr C that it had the credits before he was able to access and invest those funds.

In detail he said;

- Santander said the cheque received from Company A for £6,885.32 on 24 March didn't appear in his account until a further seven days and then it was a further eight days until he was able to invest on 8 April 2022.
- For the £52,391.43 from Company B, Santander has said this was deposited into Mr C's account on 22 April 2021, but he was only able to access and invest the funds seven days later on 29 April 2021.
- For the sum of £17,539.95 from Company B Mr C was notified of on 6 May 2021, but he only had access to the funds to enable him to invest on 24 May 2021, 18 days later.

As the complaint couldn't be resolved it was passed to me for a decision. I didn't think the outcome was correct so issued a provisional decision which allowed the parties to provide me with any further information or evidence they wanted me to consider. And since the above history of events, Santander had changed its position on the compensation it thought was due to Mr C. I outlined this and discussed it further in my provisional decision. This is what I said;

'First, I should like to apologise to the parties for the delay in my issuing this provisional decision. It has taken longer than I intended and pass on my apologies for that.

ISA transfer guidelines

As a background for a stocks and shares ISA transfer HMRC's guidelines are that they should be completed within 30 calendar days. This would apply to the transfer from Company A.

For a cash ISA transfer – which would apply to the transfers from Company B – they should be completed within 15 working days. Santander's own 'Investment Hub – Key Feature Document' states 'Once we've received your transfer form, it can take up to 30 days for your transfer to be completed...'

Encashment of cheques and the cash being available for investment

I asked Santander for a clarification of its timelines and when cheque payments received were actually available for investment. It told us that cheques are sent for

banking on the date of receipt in its Bootle mailroom. Around four/five days later its Investment Team would get confirmation the cheque has cleared and then the Investment Team would add those funds to the Investment Hub which involves a further clearance period of four days.

I wouldn't expect to see a two-stage cheque clearance process. And I can't see that is referred to in Santander's terms and conditions but that is a business decision for Santander to make. Santander told us this was its safety net in case a cheque is returned unpaid at the last minute. It wants to ensure cheques don't return unpaid before any dealing is completed.

I don't find the reasoning it has given us to be unreasonable and is a prudent approach. Santander wouldn't want to be responsible for investments that had been made and then found that the funds for those investments weren't actually available. It could expose itself to the possibility of making investments on behalf of a client without cleared funds.

I hope I have been able to explain Santander's cheque clearance process clearly for Mr C.

The transfers

In response to my queries about the timelines that applied in Mr C's case Santander revisited the dates for the transfers and didn't think it was responsible for compensating Mr C for the all of the delays. I detail this below.

Transfer from Company A

- 25 February 2021 – Mr C completed Santander's ISA 'Transfer In Request Form' instructing Company A to sell any investments and for the resulting cash to be transferred to Santander. Mr C told us he completed the transfer form on-line, but I note that form also said he had to send a hard copy as well which he did on the same day.
- 9 March 2021 – Santander contacted Company A to confirm acceptance of the transfer. I assume the transfer request had also been received on 4 March (a Thursday) as Mr C has said all the requests were sent in the same envelope and Santander has said the transfer forms for the transfers to Company B were received on 4 March. So, contact was made with Company A three working days after it was received by Santander.
- 24 March 2021 – Santander received a cheque for £6,680.29 (dated 22 March) from Company A.
- 31 March 2021 – the cheque was cleared and paid into the Mr C's Investment Hub.

Mr C called Santander on that day for a discussion about what to invest into and during that call he was advised the funds would take a few days to clear for him to be able to invest them.

- 2 – 5 April 2021 – Easter Bank Holiday weekend took place.
- On 8 April the funds cleared into the Investment Hub and Mr C invested them.

I asked Santander to reconsider the timeline of events bearing in mind the delays Mr C said he experienced in being able to invest his funds because of the cheque clearance delays of it being credited into his Investment Hub.

In response Santander said that there was no way Mr C could have had cleared funds in his Investment Hub any earlier than 8 April. It said;

- After it wrote to Company A on 9 March it took over two weeks before it was in receipt of the cheque.
- Five working days later its finance team processed the cheque and applied it to Mr C's Investment Hub on 31 March.
- The Easter Bank Holiday weekend took up four non-working days and the cheque cleared in the Investment Hub on 8 April which was four days after it had been paid into the Investment Hub and the day that Mr C invested the funds.

It concluded that it shouldn't be responsible for any back pricing if that proved to be necessary. It asked whether any complaint had been made to Company A.

This transfer took a total of 35 calendar days which is five days more than the HMRC stocks and shares ISA transfer guidelines as well as being outside of Santander's own terms.

However, I have borne in mind that these are only HMRC guidelines and in the particular circumstances of this complaint I agree that Santander couldn't have acted any more quickly than it did. It responded to the transfer request in three working days. It took over two weeks for it to receive the cheque payment but after that followed its own cheque clearance timelines, as I have outlined above, plus there was the four-day Easter weekend. Taking into account the two weeks it took for Santander to receive the cheque and in following its own clearance timelines, Santander says the payment wouldn't have cleared into Mr C's Investment Hub any earlier than 8 April which is when Mr C invested the cash.

I think what Santander has said is fair reasonable. So, taking all of the above into account, I don't propose to uphold this element of Mr C's complaint.

Transfers from Company B

These transfers were made in cash where HMRC states the transfer should take no longer than 15 working days.

£52,000 transfer

As mentioned above, for this element of Mr C's complaint, despite Santander previously agreeing to best price the transfer and subsequent trade dates to 8 April it has changed its position. It has said that it didn't cause any of the delays and asked whether a complaint had been made against Company B. I won't be commenting on that point as it is for Mr C to decide who to make a complaint with. I am only considering Mr C's complaint against Santander in this decision.

The timeline for this transfer is as follows;

- 25 February 2021 – Mr C completed the transfer form online and sends it to Santander on the same day.
- 4 March 2021 – Santander receives the transfer in request form and wrote to Company B on the same day. It said that cheques would only be accepted when no other payment method was possible. It asked for cheque payments to be sent

to its Bootle office with the transfer form.

- 15 March 2021 – Company B sends an ISA transfer history form incorrectly addressed to Santander's Bradford office. The cheque for £52,391.43 wasn't enclosed.
- 8 April 2021 – Santander wrote to Company B confirming it accepted both the ISA transfers. I assume this was because it was outstanding the funds it was expecting.
- 15 April 2021 - The cheque for £52,391.43 (dated 12 April) was received in the Bootle office, which was cleared, then deposited into Mr C's Investment Hub on 22 April.
- 29 April 2021 – Mr C invests the funds.

I'm satisfied that Santander acted promptly in contacting Company B. But it didn't receive the cheque payment until 15 April. If it had been received along with the transfer history form sent on 15 March – and which I assume was received on or around 16 March – assuming a seven calendar day clearance timescale in line with the payment when it was actually received on 15 April, then the funds would have been cleared by 23 March and so within the 15 working day HMRC guidelines.

So, I don't agree that the delay was caused by Santander – it quite simply wasn't in receipt of the cheque payment until 15 April and couldn't have acted any more quickly.

£17,000 transfer

- 25 February 2021 – Mr C completes the transfer request on-line and mails it to Santander on the same day.
- 4 March 2021 - Santander received the transfer request and again wrote to Company B on the same day. It requested that the ISA transfer form and cheque be sent to its Bootle office.
- 25 March 2021 - The transfer form and cheque for £17,539.55 (dated 24 March) was received in its Bradford office. This was redirected and later received in its Bootle mailroom on 7 April.
- 12 April 2021 – Mr C's wife contacted Santander about her transfer which was happening simultaneously. She was incorrectly advised to ask Company B to cancel the cheques that had been sent and this was also communicated to Mr C. This was an error made by Santander, but it said the information had been given in good faith as the cheques weren't to hand when that call took place.
- 15 April 2021 – Santander's Bootle mailroom received the second cheque for £17,539.55 (dated 12 April).
- 16 April 2021 – The cheque was returned to Company B in error and advised that the funds had already been received.
- 22 April 2021 – Company B was advised of the miscommunication by Santander and confirmed it would accept the transfer and gave its bank details as its preferred method of payment.
- 28 April 2021 – A further cheque was received and deposited into Mr C's Investment Hub on 6 May.
- 24 and 26 May 2021 – Mr C invests the funds.

Santander doesn't agree it should be held responsible for the delays caused by correspondence being received at its Bradford rather than the Bootle address. It said it took nearly 20 days from the receipt of Santander's acceptance letter sent on 4 March for the cheque payment to be sent on 24 March. It was sent to the wrong office and had to be forwarded to the Bootle office.

But Santander does accept that if it hadn't misadvised Mr C's wife the cheque was to be cancelled it could have processed the payment it had already received on 25 March. If that had been the case – and after accounting for the redirection of the payment from the Bootle office to Bradford – then the funds would have been available to invest on 20 April.

It said this because if the cheque it did receive on 25 March in its Bradford mailroom had been dealt with correctly the following dates would have applied. On 7 April the cheque would have been received in its Bootle mailroom after being redirected – this took seven working days after allowing the two weekends and Bank Holiday. The Bootle office would have sent the cheque for banking and five days later the cheque would have cleared and have been added to Mr C's Investment Hub where they would have cleared on 20 April.

It told us it couldn't find any evidence that Mr C wasn't able to access the funds in his Investment Hub until 18 days after they were deposited. And that Company B must take responsibility for any delays it caused.

Conclusion

Overall, Santander concluded the following;

- It didn't cause any delays for the transfer from Company A.
- For the transfer of the £52,000 ISA it didn't cause any of those delays which occurred because the cheque and transfer form were sent to the incorrect address as well as for the time it took for the cheque to reach Santander.
- It did agree that it partially caused the delay of the payment for £17,000 because of the misinformation it gave about cancelling the cheque, but it didn't cause the majority of that delay. It asked me to consider how the matter could be put right.

I agree that Santander doesn't have to do anything further for the transfer from Company A and the transfer of £52,000 from Company B. But I don't agree with its conclusions about the dates it has used for the receipt of cheque payment for £17,000.

Some of the delay Mr C experienced was caused by the misinformation Mr C's wife was given during the phone call – she was advised to request that Company B cancel the cheques that had been sent and this was then compounded by Santander incorrectly returning the second cheque. This caused a delay of around three weeks, but I do accept this misinformation was given in good faith. I have thought about how Santander ought to put things right for Mr C.

Putting things right

Santander was in receipt of the cheque for £17,000 in its Bootle mailroom on 7 April, and again assuming a seven-calendar day clearance timescale, the funds would have been available for investment on 14 April. So, I think that is the start date for the timeline to be used by Santander when backdating the trades.

After 14 April additional days should be added in line with the number of days Mr C went onto invest in May. So, for the investments he made on 24 May the date that Santander should backdate those trades to is 12 working days later – 30 April. And for the trades carried out on 26 May they should be backdated to 14 working days after receipt – so 5 May 2021.

Mr C has said he didn't invest the funds when they were received on 6 May as he wasn't able to access the funds any earlier than 24/26 May in order to make the investments. As mentioned above, I asked Santander about this. It said it couldn't find any evidence to support Mr C's assertion that he didn't have access to the funds in his Investment Hub account after 6 May. And I don't have sufficient evidence for me to safely conclude that Mr C was prevented from making any investments any time after 6 May. For this reason, I won't be asking Santander to backdate trades further, but I welcome further submissions from Mr C should he wish.'

My provisional decision was that Santander should put the matter right by backdating the trades to account for the proportion of the delay it caused. If Mr C incurred a loss because of that, Santander should add to his holdings accordingly. And I thought the £150 recommended by the investigator was a fair reflection for the inconvenience Mr C was caused.

I said Santander should;

- For the trades Mr C carried out on 24 May, they should be backdated to 30 April.
- For the trades Mr C carried out on 26 May, they should be backdated to 5 May.
- £150 was to be paid for the inconvenience Mr C had been caused.

Santander responded and clarified that the trade it said was made on 26 May was actually made on 25 May so the redress date should be 4 May rather than 5 May 2021.

Mr C was made aware of this alteration to the proposed redress. He replied to this and the provisional decision by saying the following;

- He referred to correspondence for his wife's complaint.
- With reference to 6 May 2021 as being the date that Mr C could have invested he said he spoke with Santander several times that day because he wasn't able to access his funds. He said that after that he tried several times each day to access and invest those funds and couldn't until 23 May.
- He said Santander didn't provide customers with any method to show when funds transferred into an account and when they could actually invest those funds.
- Mr C didn't agree with Santander's interpretation of his investment intentions.

Because of the responses I received I reconsidered all of the information I had been given and thought the dates for the redress should be altered. I issued a second provisional decision to allow the parties to respond. This is what I said;

'Because of what Mr C said, I asked Santander for a copy of the call recordings he referred to and details of any evidence to show that Mr C checked his account between 6 and 23 May.

I have listened to the five calls Mr C had with Santander on 6 May. Mr C initiated those calls as a result of receiving some notifications via his Investment Hub inbox. Mr C is clearly frustrated with the delays but during those calls it was clarified that the cheque

for £17,000 had been received that day and it could take up to ten working days to clear – rather than the seven-day clearance timescale.

So, after listening to those calls, I'm satisfied it wouldn't have been possible for Mr C to have carried out any trades on that date and was advised up until a potential further ten working days later – 20 May 2021.

Santander was able to provide metadata showing when Mr C accessed his account. I understand that Mr C could only access his Investment Hub account via his online banking account. The online banking would show his Banking and Savings accounts listed along with his Investment Hub. The metadata provided shows when Mr C logged into his online banking, but it couldn't evidence whether he viewed his Investment Hub.

The dates when Mr C logged onto his online banking are 6, 9, 10, 13 (to validate an online card purchase using One Time Passcode), 14 and 23 May. Bearing in mind the problems that Mr C had experienced with the transfers and as evidenced by his calls with Santander on 6 May, I think it's more likely than not that when Mr C logged into his online banking he viewed his Investment Hub account. And found that he couldn't make any trades as the funds weren't cleared – in line with the ten-day clearance guidelines he'd been given during those calls of 6 May. So, I think what Mr C has told us is the more likely – that he couldn't access the funds on his account earlier than he did.

But because Mr C didn't access his online banking between 14 and 23 May, I can't know for sure what date he would have seen that the funds were available to trade. When I previously asked Santander for guidance on its cheque clearance timescales it said that cheques are sent for banking on the date of receipt and around four/five days later its Investment Team would get confirmation the cheque has cleared and then the Investment Team would add those funds to the Investment Hub which involved a further clearance period of four days.

So, for the sake of consistency I am going to use the Investment Hub clearance period of four days as I was previously advised rather than the eight to ten days Mr C was told of during his phone calls on 6 May.

As I said in my provisional decision, Santander was in receipt of the cheque for £17,000 in its Bootle mailroom on 7 April, and assuming a four/five day initial clearance and a further four working day clearance when the funds were transferred to the Investment Hub that would have meant the funds would have been available for investment on 20 April. So, I think that is the start date for the timeline to be used by Santander when backdating the trades.

Mr C says the first time he was aware of the funds being in his account was 23 May. He went on to invest on 24 and 25 May (the actual trade dates rather than the order dates) – one and two days later.

So, to put the matter right;

- the trades Mr C made on 24 May should be backdated to 21 April and
- the trades he made on 25 May should be backdated to 22 April.
- Mr C should also be paid £150 for the distress and inconvenience he has been caused.

Mr C has said Santander should compensate him for the loss of opportunity and should mirror the breadth of investments he wanted to make and eventually did rather than the

selection made by Santander. But I am only putting right the dates on which the actual investments were made which is a fair reflection of the action that Mr C actually took. Because it can't be known for sure when Mr C would have invested if the funds had been available when they should have been it's difficult to be precise in putting the matter right. But I hope the parties will accept that what I have provisionally decided for redress purposes is a fair and reasonable conclusion to the complaint.'

Mr C nor Santander responded to my second provisional decision.

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.

As neither party to the complaint has given me anything further to consider, I see no reason to depart from my second provisional decision. So, I confirm those findings and I partially uphold Mr C's complaint. And Santander needs to put the matter right by backdating the trades and Santander should add to his holdings if he has lost out.

Putting things right

So, to put the matter right;

- For the trades Mr C made on 24 May Santander should backdate them to 21 April and;
- For the trades Mr C made on 25 May Santander should backdate them to 22 April.
- Santander should also pay Mr C £150 for the distress and inconvenience he has been caused.

My final decision

For the reasons given, I partially uphold Mr C's complaint and Santander UK Plc should put the matter right as detailed above.

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

Catherine Langley
Ombudsman