

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 wrote to Virgin to ask for his existing investments to be transferred to a Climate Change fund. Mr S chased the fund switch over the following months, before eventually on 6 June 2022 the fund switch was completed.

On 8 July 2022, Virgin wrote to Mr S to confirm it had arranged a price comparison to be carried out between 15 February 2022 and 6 June 2022 to ensure he had not been financially disadvantaged by its delays in completing the fund switch. This resulted in Virgin adding additional units to the ISAs as there had been a loss identified. It also sent him a cheque for £100 as an ex-gratia compensation payment.

Mr S continued to query whether the fund switch had been correctly completed and in September 2022 he wrote again raising concerns about the six months of hassle he had been through trying to get it sorted.

Virgin responded to the complaint. It confirmed it had compensated Mr S for the delays by buying additional units. It also acknowledged the concerns and thanked Mr S for bringing them to its attention.

Mr S remained unsatisfied with the response, so referred his complaint to this service for independent review. 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 Mr S for the problems he incurred, so didn't recommend any further compensation.

Mr S didn't accept the investigators findings. He reiterated his concerns that he had wasted time and money over many months trying to get everything sorted. He says Virgin has provided false information. He also raised a further point about still not receiving the bi-annual payments from the fund into his bank account as he 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 Mr 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 Mr S that I have read everything he has told us about the problems he 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 actions it has taken fairly compensates Mr S for its errors.

I also note that Mr S's wife was seeking to make a similar fund switch to investment held in her 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), 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 Mr 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 Mr S would have been able to purchase more units using the value of his investments if there were no delays. Its calculation shows that he would have received more units in the Climate Change fund in February 2022 than he actually did when the switch completed in June 2022. This is his financial loss. To compensate him it purchased the additional units on 15 July 22 and added them to his investments. I'm satisfied this method fairly compensates Mr S for the loss he suffered due to the delay because he now has the same number of units as should have received if the switch was completed in February 2022 – as it should have been.

Mr S has provided details of the practical and emotional impact Virgin's handling of the situation has caused him and his wife. I have considered all of the evidence provided by Mr S. I can see that he has suffered inconvenience in needing to chase things up and arranging for many letters to be sent to seek clarification. He has also provided information on how the whole situation has impacted his wellbeing, particularly causing worry about what was going on. I do think it is appropriate for Virgin to compensate him for this. Virgin has clarified that it has made a payment to him totally £100 in compensation for this. As mentioned, Mr S's wife was also corresponding with Virgin regarding the fund switches they were both making. I note she has also been offered compensation individually as part of her complaint. I've considered the impact of Virgin's action on Mr S, overall, I find that compensation offered to him to be fair and reasonable in the circumstances.

Lastly, I note that Mr S has made submissions and queries whether Virgin has set up and made payments to him to provide income from the new fund. He has mentioned he was expecting to receive bi-annual payments into his 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 Mr 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 Mr S. I've also seen evidence in a letter signed by Mr S on 31 May 2022 that he had reviewed the KIID. So, while I appreciate that Mr S was expecting to receive income payments, this isn't something that is a feature of the fund he 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 Mr S's bank account. But rather I've found the new fund operates differently to the previous fund Mr S was invested in which did make income payments.

In conclusion, I find Virgin failed to handle Mr S's fund switch in a timely manner. It has ensured he hasn't been disadvantaged by the delays by completing a unit comparison and adding additional units to his investments. 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 of this has been cashed by Mr S. If the cheque hasn't (or can't) been cashed then Virgin should cancel and reissue it,

so Mr S receives the compensation.

My final decision

My decision is the actions taken by Virgin Money Unit Trust Managers Ltd to compensate Mr 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 Mr S to accept or reject my decision before 1 November 2023.

Daniel Little
Ombudsman