

The complaint

Mr W's complaint against Halifax Share Dealing Limited, trading as IWeb Share Dealing ("IWeb"), is about the impact of their delay in transferring his stocks and shares ISA.

What happened

On 29 July 2021, Mr W requested the transfer of his stocks and shares ISA from his previous provider to IWeb. IWeb told Mr W that it might take two to three weeks for them to receive a valuation of his investments and a further eight to ten weeks for the funds to be transferred.

The transfer process was delayed, and it wasn't until 9 December 2021 that IWeb confirmed it had been completed. However, on 16 February 2022 IWeb identified a reconciliation problem with one of Mr W's fund holdings ("fund A") and so the transfer of that holding was reversed and processed again. That was explained to Mr W when he contacted IWeb via their online chat facility on 1 March 2022. On 19 May 2022, IWeb told Mr W that the transfer of fund A had been successfully completed.

Mr W complained to IWeb about the time taken to transfer his holdings. He asked to be compensated for:

- The losses he incurred as a result of not being able to sell his holding in fund A, which made up most of the value of his ISA, after the reconciliation problem had been identified. He said his holding reduced in value by more than £5000 between 16 February and 18 May 2022, and that was a period during which he was unable to issue a trading instruction.
- The anxiety and distress caused to him by the poor service that IWeb provided throughout the transfer process.

IWeb said they couldn't consider Mr W's claim for financial loss as they hadn't received a trading instruction from him. They offered to pay Mr W £350 in compensation for the distress and inconvenience caused by the delay in his ISA transfer.

Our investigator looked into Mr W's complaint and said:

- Mr W had suffered inconvenience and anxiety as a result of IWeb's failures and delays. He thought IWeb should pay Mr W £500 in compensation.
- He wouldn't be awarding compensation in relation to Mr W's complaint about fund A as he hadn't seen any evidence from the time that Mr W said he intended to sell the fund or that he was unable to do so because of the transfer delays.

IWeb accepted our investigator's findings. Mr W disagreed and asked for an ombudsman to make a final decision. He said:

- He thought our investigator's award of £500 for the distress caused by IWeb was reasonable.
- He thought evidence of missed investment opportunity clearly existed by the fact that IWeb took fund A out of his portfolio and removed the possibility of him selling it. IWeb gave him no indication of how he could access any aspect of their service, including how to monitor the fund's performance and trade it. During the period in question Mr W's holding lost about £5,000 in value and that constitutes clear evidence of missed investment opportunity and consequent financial loss.
- It was true that when he contacted IWeb he didn't explicitly state an intention to trade out of the fund, but it wasn't fair and reasonable for the investigator's findings to depend on that. IWeb had in effect withdrawn all services for the fund and so the inability to trade was self-evident. He didn't pursue the matter of getting his holding back merely for the peace of mind of seeing it reappear in his portfolio.
- It wasn't reasonable to say he should have explicitly stated an intention to trade the fund. It was obvious he couldn't access it so any expression of a wish to trade would have been pointless.
- By withdrawing all services in relation to fund A and not suggesting any ways to access them, IWeb failed to meet his reasonable expectations of being kept informed of the fund's performance. He received no information on how it was performing during that period and its loss in value only became apparent after it reappeared. If it hadn't gone missing, he would have been able to monitor the fund's performance and decide to sell it.

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.

The key outstanding point I need to determine is whether IWeb should compensate Mr W for the loss in value of his holding in fund A during the period they were resolving an issue with the transfer of that fund. Between 16 February and 18 May 2022 Mr W was unable to monitor the performance of fund A through his IWeb account or to sell any of his holding in the fund.

The specific problem with fund A followed the long delay in the initial transfer of Mr W's ISA from his previous provider. Taken together, the two delays represented a clear failing on the part of IWeb to provide the service they should have to Mr W. I can understand why Mr W feels strongly about what happened and I'd like to reassure him that I have looked carefully at everything he has said.

Before awarding compensation for a loss of this kind, I would usually want to be satisfied there was evidence that an investor had been planning to sell an investment at a given time. In this case I've not seen evidence that Mr W was planning to sell his holding in fund A during the period in question.

I understand that Mr W contacted IWeb twice in the period between 16 February and 18 May 2022, but on neither occasion did he say he intended to sell his holding in fund A. I also understand that Mr W continued to retain his holding after the transfer was eventually completed, at least until the time he brought his complaint to the ombudsman service.

I appreciate that Mr W has said he was unable to monitor the performance of his holding in fund A through his IWeb account. As I've already noted, that represented a failing on the part of IWeb. However, although it would have been an inconvenience for Mr W, he could potentially have accessed information about the performance of fund A in other ways.

I accept that it is possible that if Mr W had been able to access his holding in fund A, he may have decided to sell it at some point between February and May 2022. But the value of investments does of course fluctuate, and it is also possible that Mr W would have decided to retain his holding in the hope that it would recover its value.

Overall, I've not seen enough evidence to say it is more likely than not that Mr W would have sold his holding during the period in question and that IWeb should be responsible for compensating him for any losses suffered as a result of him not being able to do so.

It is clear however that IWeb's service from the point Mr W requested the transfer of his ISA through to May 2022 fell a long way short of what they were expected to provide. I agree with our investigator's finding, which I note both parties also accept, that it would be fair and reasonable for IWeb to pay Mr W £500 in compensation for the significant distress and inconvenience they caused to him.

I appreciate this will be a disappointing decision for Mr W, but I won't be asking IWeb to do anything more than pay the compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold in part Mr W's complaint against Halifax Share Dealing Limited trading as IWeb Share Dealing.

To compensate Mr W fairly, IWeb should pay him £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 September 2023.

Matthew Young
Ombudsman