

The complaint

Mr M complains about the way HBOS Investment Fund Managers Limited handled a request to withdraw funds from his investments. He says delays resulted in him having to pay additional interest and the matter has caused him upset and hassle.

What happened

On 25 November 2022, Mr M submitted a request to withdraw £107,000 from his investments (an ISA and Collective Investment Plan). Based on his previous withdrawal requests, he was expecting to receive the funds within 48 hours. But by 28 November 2022, he hadn't received the funds. He contacted HBOS and raised concerns about the time it was taking to process his request.

HBOS responded to the complaint – it didn't uphold it. In summary it said:

- The withdrawal instruction was forwarded to the relevant department to be processed within its standard service timescale of three working days.
- As the instruction was received after the valuation point of that working day, and the weekend is classed as non-working days, the funds were issued to Mr M's bank account on 30 November 2022. So, the request was completed within a professional timescale.

Mr M responded and said he didn't actually receive the money until 3 December 2022. He said he had incurred an interest cost as he was due to make a payment to HMRC and the delay had left him out of pocket. He was upset that he had been given incorrect information.

HBOS provided a second response and upheld the complaint in part. It paid Mr M £75 for the poor customer service it had provided. But it maintained it had handled the request in line with expectations. In summary it said:

- During the telephone conversation when Mr M first requested a withdrawal he was told it can take up to eight working days.
- On 28 November 2022 Mr M called to check when payment will be made, the call handler explained that it would take up to eight working days to receive payment
- The shares were sold on the same day as it received the request, and the payment was authorised and left HBOS on 30 November 2022. Mr M has since confirmed the payment was credited to his bank account on 2 December 2022. This means the payment has been made within three working days of receiving the request and payment credited to Mr M's bank account within two working days after this which is a reasonable timeframe.

Mr M didn't accept the responses and referred his complaint to this service for an independent review. One of our investigators looked into the complaint. She didn't fully uphold the complaint, but she did recommend HBOS pay compensation to Mr M. In summary she said:

- She didn't find Mr M had been told in the past that all future withdrawals would be completed within 48 hours.
- She reviewed HBOS's process and found it was reasonable for the transaction to take place within four working days of the first date of instruction.

- HBOS can't be responsible for interest liabilities or charges incurred before the transaction was due to complete or after HBOS transferred funds were credited to Mr M's bank account.
- She suggested HBOS may need to liaise with Mr M to establish if there was any residual interest between the date the transaction was due to complete and the date the funds were received in Mr M's account.
- She asked HBOS to increase its compensation for distress and inconvenience Mr M suffered by £125, making a total payment of £200.

HBOS responded. It said:

- In reference to its processes, normally payments will be made within four working days, but there is no guarantee or assurance of this timescale.
- Mr M's complaint isn't in respect of the terms quoted by the investigator, his testimony was that he was previously informed of a 48-hour timescale – which it has been concluded was not the case, but rather an expectation on Mr M's part.
- When Mr M called in November 2022 he was informed of the likely timescales for completion of his instruction, which was within the 30 days stipulated in the key terms of the plan.

Mr M responded. He said:

- He doesn't agree that HBOS doesn't need to pay him interest. He has previously made the same transaction and in the past, they were completed within 48 hours.
- If he knew the transaction wouldn't be completed within 48 hours, he would have given his instruction earlier.
- He requests that all his losses due to interest incurred are covered.

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 crux Mr M's complaint is he believes HBOS's handling of his withdrawal request has caused him a loss. In order to reach a finding on this I've reviewed the circumstances of the transaction.

Mr M's submissions indicate he had a payment he needed to make to HMRC, which he would be charged interest for during the period it was due. When he made his request to withdraw funds from his investments on 25 November 2022, he expected to receive the funds within 48 hours and this would prevent him from incurring further interest. But as the transaction didn't complete as quickly as he expected he has paid further interest.

Firstly, I've considered whether HBOS was required to complete the transaction within 48 hours as Mr M suggests. I've listened to the call Mr M had with HBOS when he inquired about making a withdrawal on 25 November 2022. During this call he asked how long it would take and the adviser confirmed he would expect the funds to be with Mr M by the end of next week and at the latest 7 December 2022. I acknowledge Mr M does appear disappointed with the timescale as he says he needed the money sooner. But he accepts the information given and follows the instructions to make a written request.

HBOS has confirmed it received the request after 4pm on 25 November 2022. As the request was made in the afternoon, the first day the investment could be valued and sold was on the next working day, which was after the weekend on 28 November 2022. HBOS has shown the investment was sold, proceeds were received, a payment was authorised and sent on 30 November 2022. Mr M confirmed to HBOS the payment credited in his bank

account shortly afterwards, but he didn't manage to transfer his payment to HMRC (via his solicitor) until 7 December 2022.

I've also listened to a call from earlier in 2022 where Mr M made another withdrawal request. During this call he was told he could expect the funds requested within two days. The information regarding this request appears to have created the expectation that all requests made would be done within this timescale. I also note Mr M says another request he made in 2014 was completed in 48 hours. I understand why Mr M had an expectation on how quickly he could receive withdrawn funds, but I haven't seen that HBOS guaranteed a timescale of this length for every withdrawal. He was given clear information in the 25 November 2022 call about timescales – and he wasn't told he would receive his funds within 48 hours, despite his desire to receive money as soon as possible. So my finding is HBOS isn't at fault for not completing the transaction within 48 hours.

Mr M claims that HBOS should refund him all of the interest he has paid. From the evidence he's sent it appears the payment he needed to make attracted ongoing interest. Initially his solicitor calculated the interest due up to 29 November 2022, but as the eventual payment wasn't made until 7 December 2022 further interest was calculated.

I acknowledge Mr M's disappointment that the investigator didn't think HBOS needed to return all the interest he paid as a result of the time it took him to complete the withdrawal. I agree with the investigator that the initial larger interest payment of over £2,000 isn't something HBOS can be held liable for. As mentioned this was calculated by the solicitor to the 29 November 2022. As I've found HBOS didn't need to complete the transaction within the 48 hours timescale Mr M wanted, this amount of interest was something he was always going to have to pay. The second interest payment of around £200 was calculated for the period up to the 7 December 2022. The majority of this period was after Mr M had received the funds from HBOS as there was a short delay between him receiving the funds from his investment and them actually being received by HMRC (via the solicitor). This type of delay isn't surprising when there are a number of transactions involved and large amounts of money are being sent between several parties. HBOS Investment Fund Managers Limited isn't responsible for delays after funds from the investment were sent, so it wouldn't be fair to consider it liable for interest after the point funds had been received. I know Mr M believes HBOS is liable for the interest he incurred, but I haven't found the evidence supports this to be the case. While I note the investigator suggested further liaison between the parties to see if there was any interest HBOS is responsible for, but for the reasons I've explained I don't find this will result in any liability on HBOS's part.

HBOS has admitted some failings on its part due to the overall handling of the situation – including not returning a call as promised and the length of time it took to address the concerns Mr M raised. It also seems there has been some confusion over timescales as Mr M has been given different information when making withdrawals. While I acknowledge he wasn't given a guarantee, it is apparent Mr M was left unsure and confused about how long it would take for him to receive funds as he had received different information at different times. This did cause him frustration and upset in November 2022 when he was trying to get things complete as quickly as possible to avoid further charges. I note HBOS has already paid him £75, in recognition of the failings it identified. The investigator suggested the impact was greater, and therefore further compensation was suggested. I think an increased payment of £125 is reasonable in the circumstances to recognise the impact on Mr M.

For the reasons described above, I don't find it is liable for the financial losses Mr M claims, but I find HBOS Investment Fund Managers Limited should pay him compensation for the impact of how it handled the situation. Having assessed this, I'm of the view that a further compensation payment of £125 is a fair and reasonable resolution to the complaint.

My final decision

I uphold Mr M's complaint and direct HBOS Investment Fund Managers Limited to pay him £125 in compensation for the distress and inconvenience he has suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 January 2024.

Daniel Little
Ombudsman