

The complaint

Mr R says that Virgin Money Unit Trust Managers Ltd (*'Virgin'*) unreasonably delayed the transfer of his ISA funds for several months, causing him a financial loss. Mr R wants Virgin to properly compensate him for the loss, which he says caused his significant stress.

What happened

On 22 April 2022, Mr R submitted a request to partially transfer his two investment ISA's from Virgin to Vanguard.

Virgin replied to Mr R via its online messaging system on 25 April 2022, noting it needed a letter of authority and an ISA transfer acceptance letter from Vanguard.

On 27 April 2022, Virgin received the transfer instruction authority from Vanguard.

On 17 May 2022, Mr R contacted Virgin by telephone, having had no reply to his further communication with Virgin. He raised concerns at Virgin's inaction in relation to his request.

Virgin thereafter sent Mr R a valuation for his ISA's of £82,039.75 as of 25 May 2022.

On 29 May 2022, Mr R complained in writing. He said in addition to his call of 16 May 2022, he had called on both 23 and 25 May 2022 regarding his complaint. He was promised replies which did not materialise. Mr R explained how upsetting the matter was for him, having been repeatedly ignored.

Virgin sent Mr R an acknowledgement of his complaint the following day, noting timescales of up to eight weeks for an anticipated reply.

Mr R also sent further letters to Virgin's senior staff on 7 and 20 June 2022 and 5 July 2022.

Virgin transferred the investment to Vanguard at a valuation of £79,529.54 on 20 July 2022, the same day it received a reply from Vanguard.

On 26 July 2022, Virgin upheld Mr R's complaint in part. It said its investment team had spoken with Vanguard on 17 June 2022, trying to stress the urgency of the matter. Virgin felt it shouldn't be held accountable for delays caused by Vanguard.

However, Virgin accepted that the valuation letter ought to have been issued no later than 5 May 2022. It also agreed Mr R had been caused delays and unfair wait time, as well as being sent erroneous information relating to pensions. For those combined issues, it offered him compensation of £75.

Mr R then complained to this service, noting that the delays by Virgin had caused him a financial loss. One of our investigators reviewed the complaint. He said he agreed that Virgin had rightly accepted it caused some delay. However, he felt it should have established the loss caused to Mr R by calculating the difference in settlement value from 5 May 2022.

Mr R said he would conditionally accept the investigator's view – if Virgin did. However, he also said that if Virgin refused the view and asked for an ombudsman's decision on the matter, then he wanted to contend that the date of 25 May 2022 ought to be used for calculations, not 5 May 2022.

Mr R said he appreciated that using the later date would amend the amount of compensation, but it was a logical, fair and reasonable date to base the redress on as Virgin was obliged to meet his request within 30 days; he believed 25 May 2022 was the 30th day.

Virgin didn't reply to our investigator.

Mr R made some additional submissions that he wanted an ombudsman to consider. He said, in summary:

- the lack of reply is another example of Virgin's contempt, indifference and incompetence;
- he has never dealt with a company as ineffective across any industry;
- he has been caused considerable stress by the matter, and any award now will have been eroded by the loss of interest over the many months of pursuing the complaint;
- he believes that any award ought to be adjusted for inflation;
- if the ombudsman was willing to award further compensation for damages, he would donate that portion of any award to charity.

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.

I thank the parties for their patience whilst this matter has awaited an ombudsman's decision – I realise this has been frustrating for Mr R given the delays he already experienced with his complaint itself. For the reasons I'll go on to detail, I also believe this complaint should succeed on the basis put forward – with a marginally different calculation date.

Though Virgin has provided no further comments to our investigator, it told us how it has a service standard of three to five working days to provide a valuation of the holdings to be transferred, once a request has been made.

In this instance, the request was received by Virgin on 27 April 2022, and it should have replied to Vanguard no later than 5 May 2022. As it was, Virgin took a further 20 days to do so, replying on 25 May 2022. It has explained this was because of unforeseen significant workload challenges at that time.

I accept that Vanguard didn't provide the additional information required to complete the transfer until 20 July 2022. The general approach this service takes when considering liability with ISA transfers is that the new provider is usually responsible for chasing up payment from the old provider.

However, I am also mindful of both industry guidance and the applicable terms and conditions which required transfers of this type to be completed within 30 calendar days. And Virgin has told us that during the call with Mr R on 17 May 2022, it made him aware that the transfer acceptance form would be required from Vanguard, with a commitment to selling his holdings the same working day. Had the original valuation following the request been issued within the required three to five day timescale and Virgin actively replied to Mr R's continued communications, I consider this could have been reasonably achieved.

Considering everything overall, I believe Virgin could have taken steps to ensure the 30 day timescale for the transfer was met – noting that it wasn't responsible for Vanguard's timeliness of reply, but noting was able to liaise by telephone with Vanguard when required to progress matters. If it had proceeded within a timely manner from the outset, I see no objective reason why the transfer could not have been completed within the 30 day period.

Putting things right

The potential financial loss I need to consider here is whether Virgin's delay caused Mr R's holdings to be liquidated at lower unit value than he ought to have received, had it been done sooner.

For the reasons I have given above, I'm satisfied Virgin would have been able to conclude the transfer by 27 May 2022 had it acted within a reasonable timescale. This date is 30 days from receipt of the transfer authorisation from Vanguard of 27 April 2022.

So to put things right, I think Virgin should calculate the value Mr R would have received if it had sold the relevant units within the two ISA wrappers as of 27 May 2022 ("A") and compare this to the value he received when it completed the transfer on 20 July 2022 ("B"). If A is more than B, then Virgin should return the difference to Mr R. It should also add 8% interest up to the date the payment is made.

In respect of interest - though I note Mr R's submissions - I do not believe any other method (such as accounting for inflation) would be appropriate for loss of interest. We may include interest awards on top of compensation awards when redressing a loss a complainant has suffered. This separate interest award (in most cases, simple interest of 8% after April 1993) is intended to compensate a complainant for being 'deprived' of money that they'd otherwise have been able to use elsewhere, but for the business having made a mistake of some kind.

This is distinct from the redress calculation which accounts for the unit value fluctuation and is designed to account for the loss of the funds from the date of the event right up to the date a complaint is settled by a business – if the complainant accepts our decision. I am therefore satisfied that the addition of interest fairly accounts for any loss of use of the funds from the calculation date to the date of settlement.

Given the redress calculation arises from funds contained within an ISA wrapper, there may be no liability to income tax. However, If Virgin considers it is legally obliged to deduct income tax from the interest, it should issue a tax deduction certificate with the payment. Mr R may be able to reclaim the tax paid from HM Revenue and Customs, if applicable.

Finally, I've also thought carefully about the distress and upset caused to Mr R. I appreciate he had to do a lot of chasing and enquiring regarding the delays to his transfer, but I do think the £75 offered fairly reflects the level of stress and inconvenience caused. And so I won't be recommending Virgin pays anything further. However, if it has not already issued that £75 to Mr R (which is unclear) it must provide that sum alongside the redress payment.

My final decision

I uphold this complaint. Virgin Money Unit Trust Managers Ltd must pay Mr R the redress I've set out above. I make no other award or direction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 January 2024.

Jo Storey
Ombudsman