

The complaint

Mr G complains that Secure Trust Bank Plc calculated an early exit fee on his Individual Savings Account (ISA) incorrectly.

What happened

In 2022 Mr G opened a 5-year fixed rate ISA with Secure Trust. The maturity date was 20 December 2027. And the interest rate was 4.35%.

In August 2023 Secure Trust received a transfer out request from another ISA provider. Secure Trust actioned the request and, in doing so, deducted an early exit charge of 365 days interest. The amount charged was £3,747.65 and greater than what Mr G expected. So, he raised a complaint with Secure Trust.

Secure Trust didn't uphold the complaint. It said the charge had been applied in line with the account terms and conditions. Unhappy with the response, Mr G referred his complaint to us. He said the terms of how the charge would be calculated were unclear.

One of our investigators looked into the complaint. But she didn't uphold it. She thought the terms of the account could have been clearer. But she thought it was most likely that Mr G was moving his ISA to obtain a better rate of interest which would outweigh the difference between what Mr G was charged and what he expected to be charged. So, she thought Mr G would have still transferred his ISA even if the terms of the exit charge had been clearer.

Mr G didn't agree. He acknowledged his decision to move the ISA was not in the balance based on the difference of what he had been charged and what he calculated he should have been charged. But he said that Secure Trust had not been crystal clear in its terms and conditions and on that basis his complaint should be upheld.

The investigator considered what Mr G had said. And she explained that our role – if a mistake has been made, is to put the consumer back in the position they would have been in had the mistake had not been made. And as she thought Mr G would have still moved his ISA even if the account terms had been clearer, she didn't think Secure Trust needed to take any further action in respect of this complaint.

As agreement wasn't reached, Mr G asked for his complaint to be considered further, so his complaint has been passed to me to decide.

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 terms of the Mr G's 5-year fixed rate ISA say: *'you will be charged if you close your Fixed Rate Cash ISA or if you transfer it to another ISA manager before the Maturity Date. The charge is the equivalent of 365 days' tax-free interest. This will be deducted from the balance in this Cash ISA and therefore you may receive back less than you have paid in'.*

Mr G hasn't disputed that an exit fee was due. Or that the fee would be based on 365 days interest. Rather he says the terms aren't clear about which balance the fee would be calculated on. Mr G says that he thought the exit fee would be based on the balance of the account from the last interest calculation period i.e. the account balance at the end of December 2022. So, he says Secure Trust has overcharged him by £97.40. And if this hadn't happened, he would earn a further £138.38 on his new 7-year ISA at 5.2%.

To some extent, I can understand what Mr G says here. I think it's fair to say that Mr G's expectations were based on his interpretation of the terms which didn't provide him with the level of detail he needed in his individual circumstances. That said, I accept that terms like these will, by their nature, often be generalised. And with any general terms, there will be times when they don't provide a customer with the specific details they need.

At the point Mr G contacted Secure Trust to query the charge, this was its opportunity to clarify why they applied the charges they had - but it didn't do so.

But it has since provided this service details of its calculation and from what I've seen Secure Trust has calculated the exit fee based on the balance of Mr G's ISA after the accrued interest had been applied when he transferred his ISA in August 2023.

I've thought about this carefully, but overall, I've not seen enough to conclude that Secure Trust has calculated the exit fee incorrectly. Both sides have provided their own calculations to support why they believe they are right – but Secure Trust has explained what it has calculated and why that's in line with the terms and the intent of the terms here. I've considered what Mr G has said, but I find its explanation to be reasonable and persuasive.

But I've noted the strength of feeling that Mr G has about the wording that is used in Secure Trust's terms and conditions. He says that Secure Trust should have provided an example of how the charge would be calculated in the terms and conditions so he would have arrived at the same amount as Secure Trust did when calculating the fee. And as the terms weren't clear his complaint should be upheld.

I accept that the terms would have been clearer had such an example been provided. But that doesn't mean Mr G's complaint should be automatically upheld. This service's role is to look at complaints independently and impartially. So, I must consider, whether the terms were clearer here – would that have led to a different outcome, or prevented any loss or impact on Mr G.

But Mr G has said the difference of £97.40 wouldn't have stopped him transferring his ISA. So, when taking this into account, I'm unable to conclude that Mr G's complaint should be upheld.

I hope Mr G finds some reassurance in what I've said about the terms here but given the lack on impact this would have had I won't be asking Secure Trust to take any further action in respect of this complaint.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 March 2024.

Sandra Greene
Ombudsman