

## **The complaint**

Mr F is unhappy that Lloyds Bank PLC didn't make it clear to him before he opened an ISA with them that the terms of that ISA included restrictions and penalties on withdrawals.

## **What happened**

Mr F opened a Lloyds fixed-rate cash ISA online in October 2022. Several months later, in May 2023, Mr F wanted to withdraw some money from his ISA because an unexpected cost had caused him to be in financial need. Mr F tried to withdraw money from his ISA online but was unable to do so. He then spoke to Lloyds on the telephone and was told that the only way to withdraw money from the ISA was in branch and that any withdrawal made from the ISA before the end of the term would incur a withdrawal fee.

Mr F wasn't happy about this and felt that this information hadn't been made clear to him when he opened the ISA. Mr F also felt that he wouldn't have opened the ISA had the withdrawal restrictions and penalties been disclosed to him. So, he raised a complaint.

Lloyds responded and apologised to Mr F for if he felt the information about the terms of the ISA hadn't been clear. Lloyds also credited the withdrawal charge of £43.64 that Mr F had incurred back to his ISA and made a payment of £100 to him as compensation for any trouble or upset he may have incurred, including when he'd spoken with them on the phone.

Mr F wasn't satisfied with Lloyds's response and referred his complaint to this service. Mr F felt he shouldn't continue to be held to the terms of an ISA he would never have opened had he been aware of those terms. And Mr F also felt that Lloyds should transfer his ISA balance to a different ISA in their range that offered withdrawal terms he would have agreed to.

One of our investigators looked at this complaint. But they felt that the fact that withdrawals were only permitted in branch and that withdrawal fees would apply was made readily apparent by Lloyds to Mr F before he'd opened the account. Mr F remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

## **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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

Mr F feels that the terms of the ISA surrounding withdrawal restrictions and penalties weren't made clear to him when he opened the account, and that he wouldn't have opened the account had they been made clear.

Lloyds disagree. They note that the Mr F opened his ISA online and that the summary box for the fixed-rate ISA product that Mr F selected clearly stated that withdrawal charges apply. Lloyds also note that when Mr F clicked into the fixed-rate ISA there were further instances when the withdrawal terms for the account were explained. These included a 'How it works' box and a 'Can I withdraw money' section, both of which explained that any withdrawal made would incur a penalty equivalent to 180 days' tax-free interest.

Lloyds also note that when a customer begins an application to open an ISA online, they are prompted to read the summary box, which as per the above explained that withdrawal charges applied, and the relevant ISA's terms and conditions. And Lloyds feel that the terms and conditions for the fixed-rate ISA weren't overly long or complex (being a total of four pages long) and clearly explained that withdrawals could only be undertaken in branch and would incur a withdrawal penalty.

Taking all the above into consideration, I find Lloyds' position to be persuasive here. Mr F did open his ISA online, and I'm satisfied that when doing so he would have been presented with information about the withdrawal terms of the ISA on several occasions, including in the terms and conditions, which I feel were both succinct and clear.

Of course, Mr F may not have noticed or read this information. But I can't fairly or reasonably say that that was Lloyds' fault if that was the case. And I'm satisfied that the information was presented to Mr F throughout the application process. And, ultimately, it was Mr F's responsibility to have understood the terms of the ISA he was opening before he opened it and was bound by those terms.

Mr F argues that information about the withdrawal restrictions and penalties wasn't included within the key features information he read about the ISA, and that it fairly and reasonably should have been. But an ISA is a savings vehicle designed for long-term saving, and so I accept that Lloyds position that information about withdrawal restrictions isn't a key feature of such a product.

Additionally, the key features information that Mr F read didn't include any information about withdrawals at all – such as, for instance, that there were no restrictions on withdrawals. As such, it appears that Mr F may have opened the ISA based on what I feel may have been an unreasonable assumption that there were no withdrawal restrictions, having seen no information to corroborate that assumption, and having missed several opportunities to read and understand the terms of the ISA he was opening which explained that there were withdrawal restrictions and penalties. And again, I can't fairly or reasonably conclude that Lloyds should be considered at fault for this.

Matters are complicated somewhat here by the fact that Lloyds, in their response to Mr F's complaint, have said that they accept that information about withdrawal restrictions could be made clearer on their website. But in their submission to this service, Lloyds have made it clear that they don't agree with their complaint handler's view on this matter, for the reasons given above. And, as explained, I feel that Lloyds' present position – that Mr F was presented with clear information about the withdrawal terms present on the ISA during the application process – is reasonable and fair.

All of which means that, while Mr F has received an apology and payments from Lloyds in response to his complaint, I don't feel that Lloyds are fairly prejudiced by this fact such that they should reasonably allow Mr F to transfer his ISA to a new product mid-term and penalty free as Mr F would like. Instead, given that I feel that Mr F should reasonably have been aware of the terms of the ISA before committing to it, for the reasons given above, I feel it's fair that Mr F should be held to those terms by Lloyds for the remaining ISA term.

Finally, Lloyds paid £100 compensation to Mr F, partly in consideration of the poor service he'd received when speaking with them on the telephone, including the length of time his enquires on the telephone had taken. This compensation feels fair to me for the service issues that Mr F encountered here, and so I won't be instructing Lloyds to do anything further action in this regard.

I realise this won't be the outcome Mr F was wanting here, but it follows from all the above that I won't be upholding this complaint or instructing Lloyds to take any further or alternative action. I hope Mr F will understand, given what I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 22 March 2024.

Paul Cooper  
**Ombudsman**