

The complaint

Mrs W complains that Nationwide Building Society transferred her Individual Savings Account (ISA) too soon.

What happened

Mrs W opened a 1-year Triple Access Online ISA with Nationwide in October 2022. The account offered a two-tiered variable interest rate depending on the number of withdrawals made during the year. She opened another ISA with another provider in June 2023. Mrs W's intention was for the Nationwide ISA to be transferred to the new ISA on 6 October 2023 – the anniversary date and the end of the term of the original Nationwide ISA.

But Nationwide received the ISA transfer request from the other ISA provider in June 2023 and it processed the transfer straightaway. Mrs W says that the new ISA provider had told Nationwide to wait until the ISA had matured, and in actioning the transfer too soon so she lost out on a £100 maturity bonus and her tax planning and financial objectives have been impacted. So, she complained to Nationwide.

Nationwide said that Mrs W's ISA was an instant access account with no set maturity date or notice period. And it didn't include a bonus payment. It said the account offered a preferential interest rate for 12 months which ended on the anniversary date – 6 October 2023, after which the account would revert to another type of account paying a different rate of interest. It added that because Mrs W hadn't made any other withdrawals within the first 12 months, she didn't incur any penalties because of the transfer taking place before 6 October 2023. Mrs W didn't accept this outcome, and she referred her complaint to this service.

Our investigator looked into the complaint, but he didn't uphold it. He said that the terms of Mrs W's ISA didn't include a £100 maturity bonus for keeping the funds in for the full year. And that Mrs W hadn't incurred a penalty because of the account being transferred earlier than she intended. So, he didn't think Mrs W had lost out – particularly, as the new ISA the funds were transferred to offered a better rate of interest.

Mrs W didn't accept the outcome. In summary, she said the investigator had failed to apply the correct legal principles relating to a bank's primary duty to honour its customers instructions. She also said that the account details - shown in the Nationwide banking app, clearly stated a maturity date and bonus expiry date of 6 October 2023. She maintained that she had missed out on the bonus payment and that her financial objectives had been impacted.

The investigator considered what Mrs W had said, but he didn't think the legal principles Mrs W referred to applied in the individual circumstances of this complaint. He added that he hadn't seen anything to show that the ISA transfer had impacted Mrs W's tax planning or any evidence of financial detriment.

As agreement wasn't reached Mrs W asked for complaint to be reviewed by an ombudsman. So, the complaint has been passed to me to decide.

Mrs W has also complained about the business the ISA was transferred to. That complaint will be considered separately. So, for clarity this decision solely relates to the actions of Nationwide.

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've reached the same overall conclusion as the investigator for broadly the same reasons. I appreciate that Mrs W will be disappointed as it's clear she feels very strongly about this matter. So, I'll explain why.

Mrs W has mentioned a court case which concluded that a bank's primary duty was to honour its customers instructions. Like the investigator, I don't find the court case Mrs W has referred to applies here. It related to a bank blocking transaction(s) the account holder had authorised. In this case, Nationwide actioned Mrs W's instructions. The dispute is that Mrs W says Nationwide acted on her instructions too soon and, in doing so, she has suffered financial detriment.

I accept that it was Mrs W intention for the ISA transfer to take place on 6 October 2023 as this was the end of the term of her Nationwide ISA. And there is no dispute that the transfer was completed in June 2023. So, it's understandable that Mrs W feels strongly that Nationwide has done something wrong. What I need to decide is whether Mrs W has been caused a financial loss and/or material distress and inconvenience because the ISA transfer happened earlier than intended. And, if so, was that because of something Nationwide did wrong.

Having listened to recordings of the calls between Mrs W and Nationwide following her raising this complaint, it's clear Mrs W believes the account had a maturity date which meant the ISA shouldn't have been transferred until 6 October 2023.

Nationwide accepts that when it received the ISA transfer request from the other ISA provider the instructions were not to transfer the ISA until it matured, or any notice period had expired. But Nationwide says that Mrs W's ISA didn't have a maturity date. And, in these circumstances, it's required to transfer the ISA within five days – which it did.

Having thought about this carefully, I haven't seen anything in the ISA terms and conditions which state the account had a maturity date. The features of the account refer to the ISA having a 12-month term and on its 'anniversary' date the account would revert to another type of account.

Mrs W's ISA had a variable interest rate, and she was allowed to make up to three withdrawals during the 12-month term without incurring any penalty. So, I'm not persuaded that Mrs W's ISA had a maturity date in the same way a Fixed Rate ISA – for example, generally would. So, I'm not persuaded that Nationwide acted wrongly when it transferred Mrs W's ISA on receipt of the ISA transfer request. In any event, even if Nationwide had made a mistake, I'm not persuaded Mrs W has made a financial loss.

Mrs W says she didn't get a bonus payment which was due at the end of the 12-month term. While Mrs W hasn't provided any documentary evidence to show that a bonus of £100 would have been payable, she has provided a screenshot of the account as it was displayed in her mobile banking app. And I accept that this says: *'bonus expiry date'*.

But if a bonus payment was applicable to Mrs W's ISA, I would expect it to be highlighted prominently in the account details – particularly, if it was only payable if the funds remained in the account untouched for 12 months. But having looked at the key features of Mrs W's ISA and the terms and conditions, I haven't found any information which refers to a £100 bonus being available on this type of account.

Mrs W's ISA attracted a preferential interest rate for 12 months. After this the account terms say the account would revert to a standard instant access ISA. As these types of account generally attract a lower interest rate, I think it's possible that the '*bonus expiry date*' refers to when the preferential interest rate ended. But overall, I don't find a bonus payment was payable on Mrs W's ISA at the end of the 12 months.

I've gone on to consider whether Mrs W has been caused any other financial loss. Mrs W says that because the ISA was transferred too soon, her forward financial planning was undermined. She said merging the ISA funds from previous tax year with that year's permitted allowance, has stopped her from attaining some tax efficient goals she hoped to make by gifting the majority part of her Nationwide ISA to a family member.

But I'm not persuaded that her plans have been compromised by the ISA being transferred early. Current ISA rules allow existing ISA's to be transferred without impacting on the account holders annual ISA allowance. And I've seen that the new ISA Mrs W's funds were transferred to allows her to make withdrawals up to three times every 12 months without impacting her interest rate. So, it seems Mrs W can still gift some of the funds that had been held in the Nationwide ISA if she wishes to do so.

Overall, I've not found that Nationwide did anything significantly wrong that it caused Mrs W a financial loss. So, I won't be asking it to take any further action in respect of this complaint.

My final decision

For the reasons given above. I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 26 February 2024.

Sandra Greene
Ombudsman