

The complaint

Mr P is unhappy that Leeds Building Society (“LBS”) wouldn’t let him transfer his one-year fixed-term ISA one year after he opened it.

What happened

Mr P opened a one-year fixed-term ISA with LBS on 3 October 2022. At the start of October 2023, Mr P visited an LBS branch because he wanted to transfer his ISA to another provider on its maturity date – which Mr P assumed would be 2 October 2023.

However, LBS explained to Mr P that the maturity date for his ISA was 31 October 2023, and that he would only be able to transfer his ISA after that date. Mr P wasn’t happy about this and felt that LBS had misrepresented the length of their ISA to him, given that its actual term was nearly one year and one month, rather than one year. So, he raised a complaint.

LBS responded to Mr P and explained that their ISA’s have set end dates rather than maturing on the anniversary of the date that they’re opened. And LBS also confirmed that the set end date for Mr P’s ISA had been 31 October 2023. Mr P wasn’t satisfied with LBS’s response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel LBS had acted unfairly by managing the situation as they had. Mr P 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.

Mr P feels that LBS misrepresented the term of their ISA to him and didn’t make him aware that the actual term of his LBS ISA would be longer than one full year. And Mr P feels that LBS have acted unfairly towards him because of this.

I can appreciate Mr P’s position here, and I acknowledge that it’s most often the case that an ISA advertised as being a one-year fixed-term ISA will mature on the one-year anniversary of the date that it was opened.

But, while it’s most often the case that an ISA will mature on its one-year anniversary, it isn’t necessarily the case that this will be so. And it can be the case that individual ISA providers will structure their ISAs differently – as LBS do in this instance.

Accordingly, I’ve sought to determine whether LBS were clear in their information they provided to Mr P about how they used specific ISA end-of-term dates for their ISAs and what the maturity date of the ISA that Mr P applied for would be.

This is because, if I feel LBS were clear in this information such that Mr P should reasonably have been aware that the maturity date of his ISA would be 31 October 2023, then it’s likely that I won’t feel that LBS have acted unfairly here.

The first thing I've looked at is the ISA Key Facts and Terms and Conditions document that Mr P was given before he opened the ISA. Notably, this document is titled as follows:

*"1 Year Fixed Rate Cash ISA (Issue 171)
The term is fixed until 31 October 2023"*

Additionally, in the 'Can I withdraw money?' section of the terms and conditions, under the heading of 'Maturity', the terms state as follows:

"The account will mature at midnight on 31 October 2023..."

And, in the 'Additional information' section, the 'Account closure' subsection explains:

"You can close your account before maturity (31 October 2023) subject to 60 days' loss of interest..."

All of which means that I feel that LBS did clearly explain in the title and the content of the Key Facts and Terms and Conditions document for the ISA – which Mr P was presented with before he opened the ISA – that the maturity date for the ISA was set at 31 October 2023.

As such, while I appreciate that Mr P may not have understood that the ISA had a 31 October 2023 maturity date, I feel that reasonably should have understood this – given the clarity of the information presented to him by LBS about this. And because of this, while I appreciate that Mr P had assumed that his ISA would mature on 2 October 2023, I don't feel it's LBS's fault that Mr P's assumption was incorrect or that he didn't have a clear and correct understanding of when his ISA would mature.

I realise this won't be the outcome Mr P was wanting. But it follows from all the above that I don't feel that LBS have acted unfairly as Mr P contends and that therefore I won't be upholding this complaint or instructing LBS to take any further action. I hope Mr P 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 P to accept or reject my decision before 10 April 2024.

Paul Cooper
Ombudsman