

The complaint

Mrs K's complaint is about a failed transfer from her existing Individual Savings Account ('ISA') to a new Nationwide Building Society ('NBS') 18 month fixed rate ISA with a £50 cashback incentive, she opened and requested online. NBS says while it requested the funds from Mrs K's existing provider, it rejected the request because the account was not found. Mrs K says she only discovered the transfer hadn't happened when she didn't receive the expected ISA maturity forms. Mrs K is seeking compensation for the loss of interest and inconvenience caused.

What happened

The following is a summary of the background to the complaint.

On 24 March 2021, Mrs K applied online for an 18 month fixed rate ISA with NBS. As part of her application, she requested a transfer in full of her current ISA with another provider. Mrs K received an acknowledgement letter of the ISA application and that the transfer would complete within 15 days.

On 25 March 2021, NBS sent an electronic ISA transfer request via the usual system. The transfer was duly rejected by the recipient because the account was not found.

On 26 March 2021, NBS sent a text message to Mrs K to tell her about the failed transfer and it asked her to get in contact. Mrs K didn't receive this message because NBS sent it to an old mobile number.

Around October 2022, Mrs K contacted NBS because she was expecting but hadn't received any ISA maturity information. It was at this point that Mrs K was told the ISA transfer had not taken place. Mrs K raised her complaint with NBS.

On 22 December 2022, NBS issued its final response to the complaint. It said that the provider of Mrs K's existing ISA rejected the transfer request due to no account being found, so it never received the funds. NBS said it sent a text message to let Mrs K know what had happened, but it used an old phone number. It said due to an error it didn't apply the number she'd given in her ISA application to its system. It apologised for its error and said because this led to Mrs K not realising the transfer had failed, it made a payment of £250 for the inconvenience caused.

Dissatisfied with its response, Mrs K brought her complaint to us. She said each business is blaming the other for the failure of the transfer.

She said she is seeking loss of interest of approximately £968, the loss of the £50.00 cashback incentive, and compensation for the inconvenience caused.

One of our Investigators considered the matter and they didn't uphold the complaint. They said their review of the transfer section of Mrs K's ISA application showed that she'd selected the wrong provider. The Investigator said this is what led to the transfer request being automatically rejected as account not found. Because I'm not allowed to name other

businesses here, I shall refer to the business Mrs K selected as provider 'A' and the business her account was actually with as provider 'B.'

The Investigator said NBS hadn't done anything wrong here because they carried out the instructions given in the application, so it wouldn't be fair to hold them responsible for any loss of interest. They said it was Mrs K's responsibility to provide accurate information. They said NBS had however acknowledged that it sent the transfer rejection message to the wrong phone number and paid Mrs K £250. They said taking into account that Mrs K could have mitigated the impact of the mistake by looking at her accounts sooner, they thought this was fair compensation and in line with what the Ombudsman Service would typically award.

Mrs K disagreed. In summary she said:

- Her husband applied for a transfer at the same time as she did – his went through, but hers didn't.
- Nationwide's online application did not list the provider of her ISA, hence the reason she chose provider A.
- Nationwide's system now shows her ISA provider with three listings for different sort codes. It has probably changed its practice because of problems with transfers as in her case. Had the option been available at the time, she would have selected it.
- Provider B is not a business in its own right – it is a trading name only. She selected the correct legal entity – provider A – who is the regulated provider. For these reasons, she disagrees the transfer request was made to the wrong provider.
- Had NBS informed her of the transfer rejection, she would have been able to mitigate her loss, but the opportunity was denied to her.
- It is unfair for her not to be compensated in light of the above.

The Investigator re-considered things in light of what Mrs K said and following consent from her husband so they could consider what happened with his ISA transfer. The Investigator wasn't persuaded to change their mind. They said Mrs K's husband's ISA transfer eventually completed successfully on the third attempt once the correct provider name B was specified. They said this supported what Nationwide had said about provider B always being an option to select. They also maintained NBS had fairly compensated Mrs K for the reasons they had previously given.

Because things couldn't be resolved informally, the complaint was referred for a final decision.

Mrs K provided a substantive response for my consideration. While I have read and considered everything, I haven't set everything here. Some of the points she made are also mainly relevant to Mrs K's separate and concurrent complaint about her existing ISA provider B.

In summary, the main point Mrs K made is that her ISA was held with provider A the sole legal entity – provider B is the trading name her ISA was branded as, but it is not a legal entity in its own right. So she says she did not make a mistake – she selected the correct legal entity on her application. Mrs K also made the point that she considers it is unfair to criticise her for not being aware of the transfer rejection when she didn't receive notification from NBS. And Mrs K disputes the evidence that her husband made more than one transfer request. She questions the accuracy of the information provided by NBS, which she says is

contrary to the evidence her husband provided and is not reflective of what NBS said in its response to his ISA transfer delay complaint.

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've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

Having done so, while I know Mrs K will be disappointed, I've decided to not uphold the complaint for largely the same reasons given by the Investigator. I'll explain why.

Nationwide has provided a copy of the section in Mrs K's online ISA application where she inserted the details of her existing ISA she wanted transferred. And I can see here that Mrs K was asked to select her existing ISA provider, provide her account number, indicate whether the whole balance should be transferred and insert the transfer value. The application shows Mrs K selected her current ISA provider as A. Because this was an online application, Mrs K was responsible for completing the online application. No member of NBS staff was involved here.

When NBS used the details Mrs K had provided to request the transfer of her existing ISA from A using the requisite ISA electronic transfer system, the request was automatically rejected because the account number wasn't recognised. This is because Mrs K's existing ISA was in fact held with provider B and not provider A. Mrs K chose the wrong provider.

Mrs K says that provider A is the sole legal entity – provider B is simply a trading name of A and is not a legal entity in its own right. She says she chose the correct legal entity, so she says it is wrong for us to say she made a mistake or that the transfer request was made to the wrong provider.

The legal entity and the business which holds the requisite banking license is in fact a business or bank I shall refer to as 'C.' It is the group or parent company for want of a better expression, which can be found on the Financial Services Authority ('FCA') register. Providers A and B were both trading names of C at the time and had their respective branded accounts. C itself would not have been an option for Mrs K to select on her transfer application – only its trading names. So, Mrs K did not choose the sole legal entity as she describes. She chose a brand or trading name, which wasn't connected with her account.

Each provider has its own unique service or user number within the electronic transfer system providers use to ensure transfer requests are sent to the correct party. So, as A and B were separate providers, they each had their own unique number. Mrs K's ISA account number was unique to provider B and its user number.

So, when NBS used the details Mrs K provided to request the transfer, the system couldn't marry up her account number with provider A and the request was automatically rejected as 'account not found.' And because the ISA transfer system is electronic, there is no human involvement or intervention process, which means things cannot be manually cross referenced or checked once submitted. NBS could only use the provider and account number details Mrs K provided in her ISA application when requesting the transfer. And I'm satisfied from the evidence this is what it did. So, the failed transfer was not the result of

anything NBS did wrong.

Mrs K says provider B wasn't an option given on the online application which is why she chose provider A instead. She says NBS has since changed its application – provider B is now listed with three different options depending on the account number and sort code. She says it likely did this because of the transfer problems she encountered. NBS says provider B has always been an option. But it says it has updated its system and provided more selectable options to help consumers select the relevant provider depending on the account number and the format of it.

Given the available evidence, I think it's likely provider B was an option Mrs K could have selected at the time as NBS says. I say this because, given NBS accepted transfers from provider B it would seem unlikely that it wasn't an option Mrs K could select in the transfer section of the online application. While NBS has since updated its system, I don't think this means it was only at this point that it added provider B as an option and that it wasn't available in 2021. I think the update was likely a system improvement to help consumers more easily identify their appropriate provider depending on the account number and or sort code for example. I don't think it was done for the reasons Mrs K says. I'm also mindful that the evidence NBS has provided about Mrs K's husband's transfer request shows his ISA transfer was only successful on the third attempt because provider B was selected as the existing ISA provider and not provider A. I don't think NBS' system record would be able to show provider B here if it wasn't a selectable transfer-in provider in the online application.

I can see Mrs K has disputed NBS' evidence that her husband made three transfer requests. She says her husband recalls only completing one NBS transfer request form and it is wrong to make a finding that is contrary to his evidence. She says her husband's complaint to NBS about the delays in setting up his ISA and transfer-in made no mention of multiple requests.

This decision is about Mrs K's complaint and not her husbands, so I don't think it's appropriate for me to refer to or comment on his complaint about NBS here. But because Mrs K's husband's ISA application and transfer request was initiated at the same time as Mrs K's, it is in my view relevant evidence to explain why his was ultimately successful and Mrs K's wasn't. And while I have taken on board what Mrs K's husband has said and that he recalls only completing one transfer request, NBS's system evidence indicates otherwise. In my view NBS's evidence carries more weight here – it is from the time and is documentary evidence. And this evidence supports that it was only once provider B was provided on the third transfer request that Mrs K's husband's ISA transfer was successful. In my view, this supports my findings that provider B was more likely than not an option Mrs K could have selected in her online ISA transfer-in application.

For these reasons, I don't think NBS acted unfairly or unreasonably in actioning Mrs K's ISA transfer request.

However, NBS has accepted that it made an error in notifying Mrs K that her transfer request had been rejected. When it sent Mrs K a text message to let her know that it had failed and she should get in touch, it sent it to the wrong telephone number. Mrs K had provided NBS with an updated phone number when she completed her ISA application but this wasn't pulled through to update its system records.

So, Mrs K wasn't notified of the transfer rejection as intended. In recognition of the inconvenience caused, NBS paid Mrs K £250.

Mrs K says this does not serve to mitigate and compensate her for the totality of her loss. She says had NBS reasonably and correctly informed her of the rejection, she would have been able to mitigate the loss, but this was denied to her by NBS' error. But taking

everything into account, I'm satisfied NBS has already fairly compensated Mrs K for its error, so there's nothing more it needs to do to put things right.

I've already said why I don't think NBS did anything wrong in actioning Mrs K's ISA transfer request itself. And while I accept Mrs K wasn't notified of the transfer rejection as NBS intended, I think she was in a position to reasonably mitigate her loss. Mrs K first realised there was a problem 18 months later when she didn't receive her ISA maturity notification from NBS as she expected. But Mrs K had online access to her existing ISA. So, I think she could have seen here much earlier on that the funds were still in her existing ISA and hadn't been transferred as she intended. Mrs K didn't receive any paperwork from either NBS or her existing provider to say the transfer had completed successfully. She also wouldn't have received any kind of statement. I think the absence of any further communication from either provider ought reasonably to have prompted Mrs K to check her account online and query things much sooner than she did. In my view 18 months is a considerable period of time to wait before doing so.

So, taking all of this into account, I think NBS has already fairly compensated Mrs K for its error by paying her £250 for the inconvenience caused.

For these reasons, I don't uphold this complaint.

My final decision

I've decided to not uphold this complaint – so I make no award in Mrs K's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 2 May 2024.

Paul Featherstone
Ombudsman