

The complaint

Ms G complains about Shawbrook Bank Limited (Shawbrook) and how they processed a cash ISA transfer to another financial institution (which I'll call A) and how Shawbrook dealt with her subsequent complaint. As a result, Ms G says she suffered distress and inconvenience.

What happened

In November 2023, after taking the accrued credit interest, Ms G instructed Shawbrook to transfer the remaining balance of her cash ISA to A. Shawbrook followed the instruction but by mistake, transferred £4,000 too much. On realising their error, Shawbrook instructed A to return the funds and promptly opened a new temporary ISA account in the name of Ms G in readiness for the money. Once the money was received, Shawbrook used one of their internal accounts to correct and balance the error.

The opening of the account and the receipt of the returned funds both triggered correspondence to Ms G which she was not expecting, as she was unaware of the actions Shawbrook had taken to rectify. Both letters caused alarm.

Ms G queried what had happened with Shawbrook and they explained their actions. Ms G then logged a complaint with Shawbrook. After several attempts at chasing the complaint, Shawbrook provided their final response letter over nine weeks after Ms G logged the complaint. In it, they apologised for their initial ISA transfer error and that they didn't tell Ms G about the account they opened, other than by letter. Shawbrook also credited £175 as compensation.

Ms G was not satisfied with this and brought the complaint to our service, saying she regarded it as illegal that Shawbrook opened an account in her name without her consent, so an investigator looked into it. They acknowledged the errors that Shawbrook made, but also that Shawbrook had corrected the situation with apologies and a monetary gesture. In terms of Ms G's feeling of illegality, our investigator commented that would be for either the regulator or the courts to decide.

Ms G remained unhappy with this outcome, specifically that Shawbrook had opened an account in her name without her knowledge and requested an ombudsman review her 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 have looked at the information Shawbrook has supplied to see if it has acted within its terms and conditions and to see if it has treated Ms G fairly.

If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

What's not in question is that errors were made; specifically, Shawbrook transferring the incorrect amount to A, and not informing Ms G about the ISA account they opened, other than by letter. I'm satisfied that within Shawbrook's apologies and the actions they took to put Ms G back to her original position, they treated her fairly.

What I wanted to establish in this case was in terms of Shawbrook's processes i.e., why a new account was opened which would trigger naturally worrying customer correspondence, rather than the error simply being corrected by way of using the internal accounts of Shawbrook and A. And, whether their processes require Shawbrook to attempt alternative contact with a customer in circumstances of errors like this one.

I've contacted Shawbrook to ask these questions and have established that firstly, it is their process that in circumstances of what they call an ISA overpayment, in order to get the funds back, they must open a new temporary ISA account in the affected customer's name. As this is their mandated process, and does not appear to be illegal, our role isn't to try and change this but to ensure that they adhered to it.

In terms of the lack of communication, I note that in their final response letter, Shawbrook did apologise for not advising Ms G that the opening of the ISA was going to happen, or ask her permission to do so. I'm glad to see acknowledgment by Shawbrook of their error and I hope that they see this complaint as an opportunity to review this part of their policy.

Turning to the compensation payment of £175 that Shawbrook have already made, I regard this as fair and reasonable in the circumstances of the complaint. And considering that Shawbrook have corrected the issue by putting Ms G back into the position she was in had the errors not occurred, including ensuring no impact on her ISA history, I cannot fairly require Shawbrook to do anything further.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 15 May 2024.

Chris Blamires
Ombudsman