

The complaint

Ms A has complained that Cynergy Bank Limited (“CB”) treated a dividend she’d earned on an ISA held with another provider as a new subscription to her Cynergy Bank ISA, rather than being treated as a transfer of her existing ISA. This led to her ISA being £14.83 oversubscribed.

What happened

Ms A applied for an ISA with CB on 20 October 2023.

Ms A paid in £19,999 to her ISA - leaving her with £1 left of her 2023/24 tax year ISA allowance.

Around the same time, she opened the new ISA, CB also received a transfer in request from Ms A’s previous ISA provider. Included in the instructions from the previous provider, CB was told that £15.38 of the amount being transferred in should be treated as current year funds.

This led CB to think that Ms A’s ISA had been oversubscribed by £14.38 (i.e. the £15.38, less the £1 left of her ISA allowance) in the 2023/24 tax year and so arranged for this amount to be taken out of the ISA and paid into another of Ms A’s accounts.

Unhappy with this, Ms A complained to CB.

After looking into the matter, it transpired that CB had been given wrong information from the previous ISA provider. The £15.38 was actually a late dividend payment from her previous ISA holdings and should therefore have formed part of the amount that was being transferred into the new ISA and not be treated as being part of her 2023/24 ISA allowance.

In response to the complaint, CB acknowledged that it had been given wrong information and to put matters right, asked Ms A to pay the £14.38 into a suspense account, and it would then rectify matters for Ms A.

However, when Ms A went to do this, she received a warning saying the name on the account didn’t match. And so Ms A transferred the money back into her ISA instead.

As her account was still showing as being oversubscribed, Ms A referred her complaint to this service. After Ms A contacted this service, CB rectified Ms A’s ISA so that it was no longer showing as being oversubscribed. One of our investigators assessed the complaint, and they did not think that CB needed to do anything more to put matters right in this case.

Unhappy with the investigator’s findings, Ms A asked for the matter to be reviewed by an ombudsman.

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 reviewed everything, I agree with the conclusions reached by the investigator, for largely the same reasons. I will explain why.

Firstly, I should point out that the issue surrounding the oversubscription was not caused by anything that CB did. Ms A said to CB that it had misread or misused the instructions sent from her previous ISA provider. But that is not the case. I have seen the instructions that CB received, and it clearly says that £15.38 of the amount being transferred in should be treated as being part of her current tax year (at the time) ISA allowance.

Therefore, I can't say that CB had done anything wrong or had acted unfairly or unreasonably - based on the information it had at the time - in deducting the £15.38 from Ms A's 2023/24 ISA allowance as it was told to do.

Ms A said that CB had acted in a heavy-handed way by transferring the oversubscription amount out of her ISA, without checking with her first. But I disagree that CB was being 'heavy handed', nor do I think it was reasonable to have checked with Ms A. On the contrary, I think it acted fairly based on the information her previous ISA provider had given it. CB can't reasonably be expected to know that the ISA transfer instructions it had received happened to include wrong information. Nor do I think it would be reasonable to expect a financial business to verify all the figures contained within an ISA transfer instruction are correct, each and every time it receives such an instruction. In the circumstances, I think it was fair for CB to act on the transfer instructions on the assumption that the figures it had been provided with were correct.

As such, I think CB acted correctly in transferring £14.38 out of Ms A's ISA based on the information it had been given, to ensure that the ISA account balance did not exceed the ISA allowance.

Ms A has complained that CB didn't tell her that it had transferred the 'oversubscription' amount out of her ISA. Ms A says that she would've remained none the wiser had she not noticed it. However, Ms A did notice that this had happened, not long after CB had done this. So, I can't say that Ms A has lost out or was adversely impacted because she had noticed the transfer out of her ISA before CB had told her about it.

Once Ms A had raised her complaint to CB, CB contacted the previous ISA provider and was able to establish within a reasonable amount of time that the £15.38 should not have been deducted from the 2023/24 ISA allowance. To put things right for Ms A, CB provided Ms A with the account details for its suspense account in its final response letter and asked Ms A to email once she'd paid the money in and CB would then be able to add the money back into Ms A's ISA and remove the oversubscription flag from her account. In my view, CB's response to Ms A's complaint was reasonable and provided Ms A with a simple way to get matters rectified.

When Ms A went to transfer the money into CB's suspense account, she says she received warnings that the name on the account did not match. Although it's not clear what information Ms A had entered into the payment instruction, I suspect that she received the warning due to the 'confirmation of payee' check identifying that the name on the account did not match the name she had given in the payment instruction (which if Ms A had put her own name in the account name section, this warning would've been correct, as it was one of CB's own suspense accounts).

So, although I understand why Ms A did not then proceed to pay the money into the suspense account when she received the confirmation of payee warning, equally I can't reasonably hold CB responsible for her deciding not to. I say this bearing in mind that there is nothing to suggest that the bank details it had provided her were incorrect.

Following the issue Ms A had paying the money into the suspense account, she instead chose to pay the money into her ISA. This led to an oversubscription warning being added to her account. Ms A has said that she tried to resolve matters further with CB but didn't get anywhere, which is what prompted her to contact this service.

However, given that CB had already given its final response on the matter and explained to Ms A about how to contact this service if she wanted the matter looked into further, this may explain why it may not have wanted to reengage Ms A about the same point.

In the circumstances, I recognise that CB could've communicated better with Ms A in the period between when she paid the money back into the ISA and when she contacted this service. But, after Ms A contacted this service, CB was able to update Ms A's ISA records (before the end of the 2023/24 tax year) so that it was no longer showing as being oversubscribed. In my view this was reasonable to put things right, bearing in mind that I can't see that it had actually done anything wrong.

In summary, I don't think that CB was at fault for treating some of the amount that Ms A transferred into her ISA as an oversubscription. And I think it acted correctly in transferring the oversubscribed amount back to Ms A's linked account to avoid her ISA being oversubscribed.

I also think that it took reasonable steps to put things right for Ms A when it discovered it'd been given wrong information by the previous ISA provider and responded to her complaint. And although I think it could've communicated better with Ms A after the final response letter had been issued, it did, after Ms A contacted this service, take the necessary action to remove the oversubscribed marker from Ms A's ISA, thereby rectifying the matter for Ms A.

As such, I don't think CB needs to do anything further to resolve this matter.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 16 May 2024.

Thomas White
Ombudsman