

The complaint

Mrs R complains, via her representative, about the customer service she received from Yorkshire Building Society when trying to locate a payment sent from her account with another bank. Mrs R doesn't think the compensation offered is sufficient.

What happened

On 15 September 2023 Mrs. R tried to transfer £1,800 from her savings account with another bank to her ISA account with Yorkshire and the account details were requested at the branch. Yorkshire messaged Mrs R to say she would need to complete a declaration form, and a 'break in subscriptions' flag was applied to her Yorkshire ISA as no payments had been made for a long time. The transfer did not complete, and Yorkshire told Mrs R her money would be sent back to an account she held with another bank.

Mrs R's representative complained to Yorkshire on her behalf. Yorkshire said a member of its branch staff had made an error in not making Mrs R aware of the requirement to complete the form during a call. Yorkshire said it had now received the form and once Mrs R made the deposit it would backdate this to the original date of her application. It said it messaged Mrs R that the funds had been returned on 15 September 2023 and notified her by email that she had received a message.

With the completed declaration form, Yorkshire removed the barrier to the account on 15 October 2023, and Mrs R's ISA was then able to receive funds. Yorkshire apologised to Mrs R for providing poor service and offered her £80 compensation. Mrs R's representative didn't feel this was enough for the problems she had faced and referred her complaint to our service. Mrs R's representative said he didn't receive a call back when promised and the recordings of two calls he had with Yorkshire were missing.

Yorkshire reviewed Mrs R's complaint and said it had been wrong about the banks involved and the deposit, but had returned Mrs R's funds to the correct, sending bank. It said the form was required as Mrs R hadn't paid to the account since 2020, but this should have been completed at branch or online. Yorkshire said its branch manager called Mrs R's representative the day after her visit. It said it had now backdated interest to the application date, 15 September 2023 and offered additional compensation to Mrs R of £100 for the errors made.

Yorkshire said Mrs R could have credited funds into the account in October 2023 rather than waiting until the end of December 2023. It said she would still have received interest on her funds from her other bank during this period and there was no other financial detriment. Mrs R rejected Yorkshire's offer of compensation for the stress and inconvenience she has been caused by Yorkshire's errors and asked for further call recordings and her representative referred her complaint to our service.

Our investigator said there's no dispute that Yorkshire failed to tell Mrs R what was required to transfer funds into her ISA account. But Yorkshire had put Mrs R back to where she would have been had this error not occurred by backdating the interest. And he said Yorkshire's offer of £180 compensation was a fair reflection of the distress and inconvenience she had been caused. The investigator didn't recommend that the complaint be upheld.

Mrs R's representative disagreed with this outcome 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 was sorry to learn that what should have been a straightforward process of transferring funds into an ISA has turned into a prolonged and drawn-out experience. Part of my role is to determine whether what took place was reasonable and whether Yorkshire has done enough to put Mrs R back in the position she would have occupied but for its error. And so I have looked at whether it has offered fair compensation for her distress and inconvenience.

Mrs R was unhappy with the clarity of the information provided by Yorkshire and thought she'd lost interest on her funds because the account wasn't set up. After a few confusing and ill-informed calls between her representative with Yorkshire, which we've listened to, the issue was resolved.

I'm glad to see Yorkshire's acknowledgment and apology to Mrs R for its error in giving her the wrong information on what was required to action the transfer. I hope that Yorkshire sees this complaint as an opportunity to improve its communications to customers. Yorkshire has said its branch manager has given feedback to the member of staff involved.

I have seen that although Yorkshire named the wrong bank in its letter addressing Mrs R's complaint it did in fact send the funds to the correct bank and on the same day they were received. The way was clear for Mrs R to transfer her investment to the ISA in October 2023, but she did not do so for several weeks later. It's not clear to me why there was a further delay, but the important point is that Yorkshire has backdated the interest to 15 September 2023 when Mrs R first applied and sought to transfer funds. The interest has been applied to Mrs R's intended investment of £1,800, from within a larger investment she made in December 2023.

And so I am pleased that any potential financial loss to Mrs R has been addressed. I have gone on to consider the compensation of £180 offered by Yorkshire in respect of Mrs R's distress and inconvenience. We're all inconvenienced at times in our day-to-day lives – and a certain level of frustration and minor annoyance is unwelcome, but to be expected. It's the impact of the errors made over and above that which we consider to determine if an award of compensation is merited, and if so, how much.

Mrs R wasn't sure why her transfer hadn't been completed, or the form she was required to complete and where her funds had been returned. The declaration form is a legal requirement and had to be completed prior to the transfer regardless of the incorrect information.

I've seen Yorkshire's 'Secure Message' to Mrs R on 15 September 2023 available to view on Mrs R's online service. A notification to advise her of the message to view was also sent to the email address Mrs R provided to Yorkshire in her application form when she opened her ISA account in March 2020. The message said that Yorkshire couldn't accept Mrs R's payment and had returned it to the account it had come from pending her completion of the declaration form. It set out the ways the declaration form could be completed.

This was helpful advice, but does not remove the fact that had Yorkshire given the correct information in its calls with Mrs R's representative she wouldn't have had to visit her other bank branch twice to send the transfer.

Whilst I agree an error was made, our awards aren't designed to punish firms. And I haven't seen or been made aware of any other significant impact caused to Mrs R which would require Yorkshire to increase its compensation award.

Having considered all the circumstances of Mrs R's complaint I think Yorkshire and the investigator are correct to say that £180 compensation (in addition to recompense for the lost interest on her investment) fairly and reasonably recognises the unnecessary distress and inconvenience Mrs R had been caused. I realise that Mrs R will be disappointed by this outcome though I hope she appreciates the reasons why it had to be this way.

The payment of £180 compensation is still available to Mrs R and if she wishes to accept it she should contact Yorkshire, or our investigator and the payment can be made.

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 Mrs R to accept or reject my decision before 17 September 2024.

Andrew Fraser
Ombudsman