

The complaint

Mrs B complains that Bank of Scotland plc trading as Halifax (Halifax) made an error when processing a cash Individual Savings Account (ISA) transfer and took too long to rectify the situation. Mrs B is represented by a third party but I have just referred to Mrs B in this decision.

What happened

In August 2023, Mrs B arranged with another provider, who I'll call A, to transfer £15,000 of that ISA to Halifax. In error, Halifax transferred the full balance of the ISA with A. The error was realised and it was agreed that the difference between the full balance and £15,000 would be returned to A.

Mrs B chased the matter several times with Halifax but without success so made a complaint with them about the error, and the fact it had not been corrected. Mrs B also brought the complaint to our service.

Halifax investigated the complaint and issued a final response. In it, they confirmed the error, said they had arranged with A to return the funds, would monitor the situation until it was corrected, and would ensure any credit interest was adjusted. They also said any fee raised by them for the withdrawal would be dealt with and awarded £85 as compensation. Mrs B contacted Halifax in response to the letter.

Halifax then reviewed their position and wrote to Mrs B again, this time offering a further £70 compensation and apologising for taking so long in sending the excess to A; they also made an interest calculation. Halifax explained they had been busier than they had expected and this delayed the transfer to A but they had sent the funds again, promising to continue monitoring the situation.

After hearing nothing, Mrs B chased Halifax again, then it was established that the cheque that Halifax had intended to send to A to represent the ISA excess had in fact been sent to Mrs B in error. Halifax cancelled the cheque and issued a replacement to A. Halifax then made the same error again i.e., another cheque was erroneously sent to Mrs B rather than sent to A and throughout these errors, Mrs B continued to chase Halifax and also liaised with A.

In view of the situation, our investigator made the decision to issue their view of the complaint. In it, they clarified the details, recommended a further compensation payment of £170 (to take the total to £255), and asked that Halifax correct the issue urgently by sending the excess funds to A, correcting the credit interest figure. Both Halifax and Mrs B agreed with our investigator's view with Mrs B adding a caveat that she required a breakdown of the interest figure.

Halifax then wrote to Mrs B to confirm their actions, leading Mrs B to believe the situation had been resolved. However, on checking her accounts with Halifax and A a few weeks later, she found no transaction had been posted. Our investigator chased Halifax a number of times over the next few weeks and they responded to say their ISA team were working on the funds return. At one point, even Mrs B provided Halifax with address details of A to ensure they had the correct information. This continued for several more weeks until our investigator decided to issue a further view in which they reclarified the complaint, requested Halifax send the excess funds as a matter of urgency, and suggested Halifax pay Mrs B another £200 in compensation, bringing the total to £455.

Halifax responded to say they accepted the view and their ISA team would contact A. Soon after, due to the length of time taken so far, the fact that the situation had not been resolved, and Mrs B remaining extremely dissatisfied, it was decided to request 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 carefully at all the information Halifax have provided to see if it has acted within its terms and conditions, followed due process, and to see if it treated Mrs B fairly.

I was sorry to learn that what should have been a straightforward partial ISA transfer process turned into a prolonged and stressful experience. Part of my role is to determine whether what took place was reasonable and whether Halifax followed the process correctly.

What I don't feel is necessary is for me to explain in detail, the reasoning for my decision as it is simply a confirmation of what our investigator has given and, what Halifax has already acknowledged it needs to do.

What's not in question is that errors were made; specifically, the incorrect amount being initially transferred, the subsequent mistakes with the sending of the excess cheques, and the significant delays. What I am patently aware of is this ISA transfer originally dates back to August 2023 and as at July 2024, nearly a year later, Halifax have not resolved what is a relatively simple issue.

I do acknowledge Halifax's efforts in trying to correct the issue but it's vital that they see the significant inconvenience and uncertainty this has caused Mrs B over an unnecessarily long timeframe. The actions required by Halifax to bring this situation to a resolution have been specified a number of times but for clarity, I will list them below as it's imperative that Halifax take urgent action on receipt of this decision.

In terms of compensation, I have calculated the amount based on the fact that this complaint is resolved by the date I have given. The actions I require from Halifax **by 30 July 2024** are:

- Halifax to send back the excess funds of £33,059.90 to A
- Halifax to deal with the £457.63 refunded penalty charge, which was placed in Halifax account 11964267 without Mrs B's permission.
- Halifax to confirm to Mrs B when the excess funds and refunded penalty charge

credits the account with A. They can then calculate the loss of interest on £33,059.90 from 31 August 2023 to the date this completes and add to the accruing interest on the Halifax ISA account (while deducting what's been earned within the Halifax ISA).

- Halifax to ensure that a total of £455 is paid as compensation, less any amounts credited to her already.

In conclusion, I hope Halifax understand the impact of this complaint, what they can learn from it, and the swift action now required.

My final decision

For the reasons I have given, it is my final decision that the complaint is upheld. I require Bank of Scotland plc trading as Halifax to action the following **by 30 July 2024**:

- Halifax to send back the excess funds of £33,059.90 to A
- Halifax to deal with the £457.63 refunded penalty charge, which was placed in Halifax account 11964267 without Mrs B's permission.
- Halifax to confirm to Mrs B when the excess funds and refunded penalty charge credits the account with A. They can then calculate the loss of interest on £33,059.90 from 31 August 2023 to the date this completes and add to the accruing interest on the Halifax ISA account (while deducting what's been earned within the Halifax ISA).
- Halifax to ensure that a total of £455 is paid as compensation, less any amounts credited to her already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 13 August 2024.

Chris Blamires
Ombudsman