

The complaint

Mr B complains that information provided by Skipton Building Society led him to open an account he didn't want.

What happened

In July 2023, Mr B opened what he thought was a new ISA account via his Skipton app. Mr B deposited money into the account each month, which he understood was coming out of his ISA allowance. He also held a Lifetime ISA (LISA) and a stocks and shares ISA with another bank and had withheld £2,000 from those other accounts to deposit into the Skipton one.

In April 2024 Mr B contacted Skipton to ask about the rule change which allowed people to invest in more than one cash ISA per tax year. He wanted to know whether he could continue investing in the ISA he already held, as well as another one within the same year. It was at this stage that Skipton told Mr B that he didn't hold an ISA with them, but a regular member savings account.

Mr B complained. He said the app was very misleading which contributed to him thinking he held an ISA with Skipton. He said that when accessing his account via the app, there is a page called "Your savings account explained". This page contains a list of FAQs, for example "How is my ISA allowance calculated?" which he said suggest the account is an ISA. Mr B explained he had logged into his app many times since opening the account and always saw the FAQs, making him believe the account he held was an ISA. Because of this, he had only invested £18,000 across accounts held with other banks, and not the full £20,000, because he believed he had invested the £2,000 into a Skipton ISA for that year.

As the account he had paid into wasn't an ISA, Mr B told Skipton that he had lost out on tax-free interest, and that the situation also held tax implications as he ended up earning over his personal tax allowance.

Skipton looked into Mr B's complaint but couldn't find any error had been made. They said that prior to opening the member savings account, Mr B declared that he had read and understood the terms and conditions. These terms didn't state anywhere that the account was an ISA, and Mr B accepted them before the account was opened.

They also said the information that Mr B believes to be misleading was presented to him after he had accepted the terms and opened the account, and not before.

In relation to the FAQ page that Mr B complained about, Skipton explained that it is a page which gives answers to their most frequently asked questions, and therefore every customer will have this under each of their accounts within the Skipton app. As it is a business decision to have this FAQ feature on the app, and as Mr B declared he had read and understood the terms of the member regular saver account, they weren't willing to compensate him.

Unhappy with Skipton's response, Mr B brought his complaint to our service. Our investigator looked through everything and was of the opinion that the terms of the account made it clear it was a regular savings account and not an ISA. While he acknowledged that the FAQs displayed on Mr B's app did mention ISAs, our investigator didn't believe they indicated that Mr B's account was an ISA, and therefore he wasn't able to find that Skipton had made any errors.

Mr B disagreed. He maintained that the heading "Your savings account explained" was enough to lead him to believe the FAQs within that section of the app were in regard to his account. He said there were three references to ISAs in the FAQs and no specific references to easy access or non-ISA accounts. Mr B said the bank should be using plain and unambiguous language, and that they should clearly communicate with their customers about their bank accounts.

Our investigator took on board Mr B's comments, but his view didn't change. Because of this, Mr B's complaint was passed to me for review.

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.

After considering everything, I agree with the outcome reached by the investigator. I know this isn't the outcome Mr B hoped for, so I will explain why I have come to the decision I have.

Mr B has provided a screenshot of the account on his app which clearly states it is a Member Regular Saver. This is what he would have seen each time he opened the app. And from this I'm satisfied Mr B should have reasonably been aware the account he had opened wasn't an ISA.

I have also read through the terms and conditions of the account, which doesn't appear to be in dispute were accepted by Mr B prior to the account being opened. Throughout the terms, there is no mention of the account being an ISA. In fact, the name of the account – Member Regular Saver, is mentioned multiple times. The terms also explain that it is the customer's responsibility to pay any tax due, based on their individual circumstances. Because of this, I can't say that what Mr B was presented with prior to opening the account suggested he was opening an ISA, or that it was misleading in any way.

It is also the case that the FAQ page was presented to Mr B after he had accepted the terms and opened the account, and therefore I also can't say that it was the FAQs that led Mr B to believe the account he was about to open was an ISA.

I appreciate Mr B's point about the FAQs which are displayed on the app. They do answer specific questions about ISAs and so I can see why someone might find them misleading. However, Skipton have explained that these are in place for all customers who hold any savings account with them, and that they answer a range of their most frequently asked questions, which I find reasonable. There are many different types of savings account, and I don't believe it would be reasonable to expect Skipton to mention all of them on an FAQ page, especially if they don't receive regular questions about them.

Taking everything into account, while it is unfortunate that Mr B has found himself in this situation, I can't say that Skipton have done anything wrong here. The FAQs were not made

available to Mr B before he opened the account, and the terms that were available were clear in setting out what type of account it was.

While the FAQs do mention ISAs, there is nothing suggesting the account Mr B held was an ISA. And I feel that had he not been sure, Mr B could have contacted them to double check.

So overall, while I empathise with Mr B, I can't find that Skipton have made any errors here, and therefore I'm not able to ask them to compensate him.

I know this isn't the answer Mr B wanted, but I hope he feels assured that someone impartial has reviewed his complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 October 2024.

Danielle Padden
Ombudsman