

The complaint

The trustees of a trust, which I will call T or simply the trust, complain that Barclays Bank Plc's error caused the trust to miss out on an opportunity to earn interest at rate of 6.2%.

What happened

I set out the facts briefly below:

- Around September 2023 the trust held just over £1.39m in cash with Barclays. T's trustees wanted to make two transfers, of £1m and £390,000, to National Savings & Investments (NS&I). The trustees told us that their aim was to put the trust's money into an NS&I Guaranteed Growth Bond and a Guaranteed Income Bond. At the time, those products paid an interest rate of 6.2%, and they both had a term of one year.
- NS&I did not accept bank transfers, and the account the trust held with Barclays did not have a cheque book facility. There were extensive discussions between the trustees and Barclays as to how the transfers the trustees wanted to make could be carried out, including discussions about setting up a "control account", but ultimately the transfers were not made (and still have not been made).
- In October 2023 NS&I withdrew the 6.2% rates, and replaced them with rates of around 4.5%. The trustees complained to Barclays, and said that Barclays' actions had caused the trust to lose out on a rate of 6.2%.
- The trustees were not satisfied with Barclays' response, and referred the matter to our service.

One of our investigators looked at this complaint, and recommended that it be upheld in part. He said that Barclays should have done more to help the trustees, and in particular the bank should have explored the possibility of transferring the money by banker's draft (which NS&I could accept). However, he didn't think that Barclays should be responsible for the whole of the trust's loss. He noted the trustees' explanation that they didn't want to transfer the trust's money to anywhere other than NS&I, given the associated government guarantees. But he said that even after October 2023 NS&I was still paying rates much higher than those offered by Barclays, and yet he could not see that the trustees had done anything to progress the transfer after NS&I withdrew the 6.2% rate. He said the trustees hadn't pursued the "control account" option despite having been given the relevant application forms on 30 November 2023, and that he hadn't seen any evidence that the trustees pursued the bank regarding this matter after the 6.2% rate was withdrawn.

Overall, our investigator thought that if Barclays had done everything it should, the trustees would have received a rate of 6.2% from NS&I for one year. But he also thought that if the trustees had moved the trust's money to NS&I later, they would have received rates of around 4.5% on the trust's money. So, he thought Barclays should pay the trustees the difference between the amounts they would have earned on £1.39m at those two rates – or, in other words, pay the trustees interest on the money at a rate of 1.7%.

Our investigator recommended the bank should:

- Calculate how much the trustees would have earned in interest on £1.39m at 1.7% for a full calendar year, and pay that amount to the trustees.
- Pay the trustees an additional £250 for distress and inconvenience.

He recognised that the calculation he had suggested was simplistic. He noted that a perfect analysis of the actual loss would involve, amongst other things, taking into account the fact that one of the products the trustees wanted to put money in paid interest monthly and the other at the end of the year. But overall he thought his recommendation produced a fair result.

Neither party accepted our investigator's conclusions.

The trustees said that Barclays has still not set up a "control account", nor has the bank done anything else to enable them to move money to NS&I. That means the trust has received interest from Barclays of only 1.15%, and not the 6.2% or 4.5% offered by NS&I. Their view is that Barclays should pay compensation at a rate of 5.05% (the 6.2% they wanted from NS&I less the 1.15% they actually received from Barclays), with the only other issue to consider being the period compensation should be calculated over.

One of the trustees also noted that he took out a one year bond with NS&I paying 6.2% on his own behalf, and he was recently offered the opportunity to roll that bond into a new one paying 5.2% for another year – which is a higher rate than NS&I offers to new customers. He implied that Barclays' failure means the trust has lost out for a period of at least two years.

Barclays confirmed that it had received our investigator's opinion, but did not make any comments on that opinion.

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 done so, I have come to the same conclusions as our investigator, for broadly the same reasons. I think it is clear that Barclays could and should have done more to help T's trustees transfer money to NS&I. I have not seen anything to suggest that Barclays considered the option of a banker's draft, but I agree with our investigator that a banker's draft is likely to have solved this issue. Barclays should therefore pay some compensation to the trustees.

However, I don't think it would be fair for me to order Barclays to pay the trustees the difference between the 6.2% rate offered by NS&I and the 1.15% rate actually paid by Barclays. Like our investigator, I think the trustees could have done more to mitigate the trust's losses. I acknowledge that they were waiting for Barclays and then our service to respond to their complaint, but it was still open to them to pursue Barclays with the aim of transferring the trust's funds to NS&I products paying a rate of 4.5%. I don't think it would be fair for me to hold Barclays responsible for the trustees' decision not to do that.

I am aware that Barclays has not yet set up a "control account" for the trustees, but the bank says that is because the trustees did not complete the application forms it provided to the trustees in November 2023. In any event, neither party has provided me with evidence to show that the trustees attempted to transfer any money away from Barclays between the date NS&I withdrew the 6.2% rate and the date our investigator issued his opinion on this

complaint. In the circumstances, I do not criticise Barclays for not taking any further action after November 2023.

Putting things right

Having considered all the available evidence, I consider that our investigator's recommendation is fair. I agree with him that it is likely the trustees would have transferred the trust's money to an account paying interest at 6.2% if Barclays had done what it should have done. But as I've said, I also agree with him that Barclays should not bear sole responsibility for the fact the trust only received a rate of 1.15%. As he acknowledged the calculation he suggested is not perfect, in part because it does not take account of the dates on which the trustees would have received interest payments, but I think it does represent a fair and reasonable approximation of the loss the trustees suffered because of Barclays' error.

I am aware that one of the trustees has recently rolled over money that he held in a personal NS&I account, but I can't be sure either that that opportunity would have been available to the trust or that the trustees would have taken it if it was. The trustees have told us that at one stage they made clear to Barclays that they only intended to transfer the money to NS&I for one year, and that they intended to return the money to Barclays afterwards. Of course the trustees might have changed their minds – and they might also have chosen (or choose in future) to hold the money outside of either Barclays or NS&I. The trustees were looking to take out a product with a twelve month term, and I think it is fair for compensation to also be calculated over a twelve month period.

This issue has clearly caused the trustees to suffer some distress and inconvenience, and I think that our investigator's recommendation of a payment of £250 does represent fair compensation for that aspect of the matter.

My final decision

My final decision is that I order Barclays Bank Plc to:

- Calculate how much the trustees would have earned in interest on £1.39m at 1.7% for a full calendar year, and pay that amount to the trustees; and
- Pay the trustees an additional £250 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 25 October 2024.

Laura Colman
Ombudsman