

The complaint

Mr D complains Shawbrook Bank Limited delayed the transfer of his matured individual savings Account (ISA) to a third party ISA provider.

What happened

I sent the parties a provisional decision in April 2024, in which I set out the following background information to the complaint and my provisional findings, as follows:

The circumstances that led to this complaint are well known by both parties and are mostly not in dispute, so I won't repeat them in detail, but in summary;

Mr D explained his one year ISA with Shawbrook was due to mature on 25 October 2023. He decided to move this ISA to a third party provider. This provider contacted Shawbrook with a transfer request on 18 October, approximately a week before his ISA was due to mature.

Mr D explained he expected the funds from his ISA to transfer over to his new provider on 26 October, but Shawbrook did not send them until 13 November. Mr D described having to chase Shawbrook to make the transfer and has also described the poor customer service he received.

Mr D says he is unhappy he lost out on two weeks interest at 5.75% and wants this paid, which he calculated at £25. He also asked for compensation for the distress and inconvenience.

Shawbrook replied to Mr D's complaint explaining it completed the transfer to his new ISA within the 15 working day government timescale for ISA transfers. It therefore did not uphold his complaint.

Mr D therefore complained to our service. Our investigator agreed with Shawbrook, explaining it had taken Shawbrook 12 working days to process the transfer, which was in line with the government timescale of 15 working days. Our investigator recommended Mr D's complaint should not be upheld.

Mr D disagreed with our investigator's recommendation, therefore his complaint has been passed to me to make a final decision.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see Shawbrook initially wrote to Mr D on 25 October 2022 confirming it had opened his one year fixed ISA. This letter references Shawbrook's terms and conditions for his new ISA and asks him to consider Section 8 regarding deposits. It therefore seems reasonable to

deduce Shawbrook provided a copy of its terms and conditions at this time to Mr D.

Section 23.12 of these same terms and conditions state “Cash ISA transfers are subject to any applicable account notice period or expiry of a fixed term. Where we receive a transfer out request for your cash ISA account, we will send your funds to your new ISA provider within 5 working days of receiving the instruction from your new ISA provider.”

It is clear the transfer request would not have been possible from the day Shawbrook received the request, as the ISA had not yet matured. But this instruction gave clear and reasonable notice for the transfer, and I think should have allowed Shawbrook to make arrangements for the transfer in line with its terms and conditions after the maturity date.

Whilst I appreciate Shawbrook have referred, accurately, to government regulations which stipulate transfers should take no longer than 15 working days; it has not referred to its own terms and conditions in its response.

I do not think there is any ambiguity in the terms and conditions Mr D and Shawbrook agreed to when he took out his ISA. They cite clearly Shawbrook will make the transfer within five working days. I am therefore provisionally persuaded Shawbrook have indeed breached its own terms and conditions.

In summary, I think Shawbrook had reasonable notice to make arrangements for this transfer and failed to comply with its own terms and conditions regarding the transfer. I am conscious Shawbrook have not provided any details of why the transfer was delayed to Mr D or our service, other than to confirm it did receive the transfer request on 18 October and to provide a brief timeline in its response letter. I therefore cannot consider any arguments for the delays in this provisional decision.

I provisionally think, by its own terms and conditions, the latest Shawbrook should have sent the transfer was 1 November, five working days after the maturity date. It didn't make the transfer until 13 November, a further eight working days later.

I am therefore minded to decide Shawbrook should pay Mr D the equivalent of an annual interest rate of 8% simple on the matured ISA sum for period between the 1 November and 13 November when the transfer was made.

I am also minded to decide Shawbrook should pay Mr D £100 compensation for the distress and inconvenience this matter has caused him for the time he spent chasing Shawbrook to resolve these issues. I consider this to be a fair and reasonable amount which is in line with similar awards I have seen in comparable complaints.

My provisional findings and the parties' responses

I provisionally decided to uphold Mr D's complaint and thought Shawbrook should pay Mr D £100 compensation for the distress and inconvenience it had caused him. I also thought Shawbrook should pay interest at an annual rate of 8% simple on the total mature ISA fund for the period between 1 November and 13 November for lost interest.

Mr D accepted my provisional decision.

Shawbrook disagreed with my provisional decision. It argued in response it did pay the funds to Mr D's third party ISA provider in line with its terms and conditions which state *'we will send your funds to your new ISA provider within 5 Working Days of receiving instructions from your new ISA provider'* [emphasis added by Shawbrook].

Shawbrook provided a timeline showing the third party ISA provider sent receiving instructions on 3 November, but explained these instructions were not received by Shawbrook until 6 November. Shawbrook explained it then made the payment on 8 November with the third party ISA provider confirming receipt on 13 November. Shawbrook explained it had to wait for the *'ready for payment'* message from the third party ISA provider before they could release the funds and this was not received until 6 November.

Shawbrook also cited another case with our service regarding this issue in its response. I would reassure Shawbrook I have considered the final outcome of this case when making my final decision here.

The timeline Shawbrook have provided show the third party ISA provider first contacted it on 10 October with a pre-request transfer and contacted again on 17 October to request the transfer. There was further contact on 18 October with an ISA transfer out request made by the third party. This was quite reasonably pending by Shawbrook, as the ISA had not yet matured. Shawbrook's records show it accepted the transfer out request on 3 November and this was then set to ready for payment on 6 November.

I am therefore satisfied from the evidence provided that the third party ISA provider had contacted Shawbrook well in advance of the transfer. Therefore, the issue appears to be the interpretation of the terms and conditions and what constitutes *'receiving instruction'* in terms of the five working days cited.

Shawbrook state this is when they receive the *'ready for payment'* instruction from the third party, but I don't think this is clear in the terms and conditions. Having considered this very carefully, I think a customer could struggle to understand the intricacies of ISA transfers could reasonably interpret this term as meaning within five working days of the sending bank contacting the receiving bank. In this case, as the contact was before the ISA matured, I can see how a customer would reasonably expect the transfer to occur within five working days of the maturity date.

Because of this, I have decided not to change my provisional decision as cited above. I have to carefully consider what is reasonable and fair to all parties here, particularly to customers who could not reasonably be expected not understand the ISA transfer process in detail.

I appreciate Shawbrook will not agree with my final decision and it may be they wish to consider whether its terms and conditions need revision to reflect government guidelines, the delays that can occur and instructions necessary before any ISA can be transferred to a third party, but this is not a matter I can make a determination on here and I trust my explanation fully explains my reasoning.

My final decision

For the reasons I have given, my final decision is I uphold Mr D's complaint. I require Shawbrook Bank Limited to pay Mr D £100 compensation for the distress and inconvenience it caused him and pay interest at an annual rate of 8% simple on the total mature ISA fund for the period between 1 November and 13 November for lost interest.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 October 2024.

Gareth Jones
Ombudsman

