

The complaint

Mrs D is unhappy with the service National Westminster Bank Plc provided when she transferred in her cash ISA.

What happened

Mrs D first completed a Cash ISA transfer request on 6 March 2024. There was a mismatch with her name initially and the transfer failed on 12 March 2024. This was resolved and £61,304.67 was successfully sent to NatWest on 14 March 2024. However the old provider did not send a transfer history certificate (THC) so NatWest was unable initially to locate, and then to allocate, the funds. They remained in a suspense account for weeks. Both Mrs D and NatWest chased the THC repeatedly, but there is no evidence it was received until the 31 May 2024. Mrs D's funds were moved out of the suspense account at NatWest in full by 2 July 2024, with £20,000 transferring into a savings account on 3 June 2024.

Mrs D says that she was misinformed when she contacted NatWest about the delay to the transfer. It agreed it should have provided better service and paid £100 compensation for the distress and inconvenience caused.

Our investigator found that NatWest's response to Mrs D's complaint was fair. It had shown it repeatedly chased the old provider for the information it needed. It accepted it had provided the wrong information at times and apologised, and he felt £100 was fair compensation in the circumstances.

Mrs D disagreed and asked for an ombudsman's review. She said £100 compensation was not adequate as, in summary:

- she had sent a form informing NatWest her forename would vary on the accounts;
- it could have looked more closely at the details of the transfer and worked out the intended recipient account;
- she should not have needed to be involved in the transfer, after clearing up the name discrepancy;
- she had to call NatWest multiple times and was given misleading information;
- it should have been more creative when it did not receive the THC - to do nothing was lazy and inefficient; and
- NatWest abandoned her complaint halfway through the investigation.

I reached the same conclusion as the investigator but made changes to the redress so I issued a provisional decision. An extract follows and forms part of this final decision. I asked both parties to send any comments by 20 November 2024.

Extract from my provisional decision

To reach my decision I have taken into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time.

Of particular relevance here are HMRC's cash ISA to cash ISA transfer guidelines that state the transfer must take place within 15 business days of the transfer instruction being received by the new ISA provider. And within that timeframe that the existing provider has five business days to send the funds and information on receipt of the transfer instruction from the new provider.

In this case it is clear that the transfer failed to follow these guidelines, but I am satisfied that it was not an error on NatWest's part that triggered the delay. The existing provider has accepted that it did not send the THC within the required timescale, and nor did it on several occasions when chased.

I don't think NatWest can fairly be accused of being lazy and inefficient as it did not find an alternative solution. It contacted the old provider a number of times yet the THC was still not received. This is documentation it needs before moving funds into a new ISA account in order to comply with HMRC's requirements.

Whilst the discrepancy in forename initially caused the transfer of funds to reject, this was not the barrier to the allocation of monies into Mrs D's ISA account. This was resolved promptly, unlike the provision of the THC.

I do agree with Mrs D that she ought not to have needed to be so involved. And this was in part due to NatWest's provision of incorrect information. It has compensated Mrs D for this and I find its payment of £100 fair.

However, after receipt of the THC on 31 May 2024 it took NatWest a further four weeks to arrange for all funds to be moved out of the suspense account. I would have found NatWest needs to make good the lost interest from 31 May 2024 onwards. However, it seems from recent correspondence NatWest has already credited Mrs D's account with lost interest backdated instead to 15 March 2024 (net of the interest earned on her savings account) ahead of any decision from this service. I would not expect NatWest to recall any of this credit in the circumstances.

I also find NatWest needs to recognise the distress and inconvenience that this further delay during the month of June caused for Mrs D. It has offered to pay a further £100 compensation to reinforce its apology for the experience she has had, and I find this to be fair. This would take the total compensation NatWest has paid to £200. I anticipate Mrs D will not be satisfied with this payment, but I have reflected carefully on the impact on Mrs D of the problems with the transfer, taking into account the money and timescales involved. As well as the fact both banks failed her in different ways and are therefore both compensating her.

Mrs D has asked that NatWest debits the interest from her savings account on the £20,000 deposit and credits it to her ISA account which I find to be reasonable.

Finally, Mrs D was also unhappy about how NatWest managed her complaint, but this is not something I can look at. There is a difference between a complaint about a financial service and a complaint about how a firm has handled a complaint. I can only look at the former. Mrs D's concerns about how NatWest responded to her complaint is not a complaint about its provision of or failure to provide a financial service – it's distinctly about complaint handling. And under our rules I cannot consider complaint handling.

I then set out what NatWest would need to do to put things right.

Both parties responded to my provisional decision.

NatWest wanted to clarify which interest amount Mrs D wanted moving into her ISA account and to confirm this was possible with its ISA team.

Mrs D said whilst she did not agree with all the findings, she reluctantly accepts the decision.

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.

As neither party sent in any new comments or evidence for me to consider I have no grounds to change the findings or outcome set out above.

For the reasons set out above I agree that NatWest did not transfer in Mrs D's ISA in the timely way she reasonably expected.

Putting things right

In addition to the credit for loss of interest that NatWest has already paid, it must pay Mrs D a further £100 compensation taking the total it will have paid to £200.

As NatWest did not respond by the deadline to say there were any issues with moving the interest earned on the £20,000 to the ISA account it should go ahead with this transfer now.

My final decision

I am upholding Mrs D's complaint. National Westminster Bank Plc must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 19 December 2024.

Rebecca Connelley
Ombudsman