

The complaint

Mr E complains that a delay in transferring his ISA held with Santander UK Plc led to his money losing its ISA status and tax benefits.

What happened

Mr E held a structured ISA plan with Santander that he'd started in 2014. It was due to mature on 23 June 2020 and about six weeks prior to this he was sent a maturity pack, which gave information about his options. It was explained that Santander had to be provided with maturity instructions by 8 June 2020.

Mr E called Santander on 26 May 2020 to say that he intended to transfer his ISA to another provider. He was told that he needed to arrange for a transfer form and other related documentation to be received by Santander from the new provider by 8 June 2020.

Santander did then receive some documentation, but not until 9 June 2020, the day after the deadline. And the re-registration form provided by the new provider couldn't be used because it was for an 'in-specie' (stock to stock) transfer. Although Mr E's maturing ISA was a stocks and shares ISA, it would've matured and be held in cash by the time it was transferred.

Santander wrote to the new provider to explain that a cash transfer was required, but it appears that no response was received. Over the coming weeks Mr E tried to get the matter sorted out, eventually opening a cash ISA with Santander with the aim of transferring into that instead. However, despite his attempts and the help of Santander's staff, the process didn't complete in time and the matured cash was paid into a saver account, losing its ISA status.

Mr E complained to Santander, but it didn't feel it had done anything wrong. It highlighted that it had not received the correct documentation – including the very important new plan manager's acceptance of the transfer – before the deadline date. And it said that it also hadn't received Mr E's option form from the maturity pack. It also noted that when it had received the incorrect documentation from the new provider it had written back the next day to explain what was required.

Santander felt it had provided sufficient notice of what was required and that its staff had done everything they could to try to help Mr E, despite the deadline having passed when it first received documents and him then not getting back in contact until the day before maturity.

The complaint was referred to this service, but our investigator reached the same conclusion as Santander. Mr E didn't accept this, so the matter was referred to me to 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.

I appreciate Mr E's frustration with the situation that arose, but I don't think Santander can be held responsible for the loss of ISA status of the matured funds.

Although Mr E contacted Santander prior to the deadline date to inform it of his intended maturity option, the necessary paperwork was not received in time. Although documents were sent by the new provider, they arrived the day after the deadline and were incorrect and incomplete. The plan manager's acceptance was not included, and the re-registration form was the wrong type.

Santander alerted the new provider to this promptly but by the time it had in turn contacted Mr E and he'd contacted Santander again it was very near the maturity date. Further it appears there was some confusion about what the problem was. Although the maturing ISA was a stocks and shares ISA, the transfer itself would be a cash transfer and this appear to have created the impression that the maturing ISA was a cash ISA.

But in any event, despite the paperwork having arrived with Santander late and incomplete, its staff nevertheless tried to help Mr E when he contacted it the day before maturity to explain about the new cash ISA and his intention to try and transfer to that instead.

Again, I understand it would've been frustrating that the alternative option didn't get processed in time, but I don't think the Santander's staff did anything wrong. I think it was simply a case of the process being too near to the ISA's maturity at this point.

I note what Mr E's said about other providers' maturity and transfer processes. But I don't think Santander's process was unreasonable. Mr E was given several weeks' notice of what would be required upon maturity.

My final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 February 2021.

James Harris
Ombudsman