

The complaint

Mrs T complains that Cynergy Bank Limited (Cynergy) went ahead with an online ISA transfer after she had called it to cancel her request and in rectifying it transferred the funds to an ordinary account meaning it lost its ISA status.

What happened

Mrs T applied for an online ISA transfer with Cynergy on 28 February 2021. On both 1 and 2 March 2021 she called Cynergy to tell it she had changed her mind and wanted to cancel the transfer. But on 3 March 2021, due to an admin error, the transfer went through. Cynergy then closed the ISA and transferred Mrs T's funds to her nominated account. Mrs T's nominated account was not an ISA and so the funds lost their ISA status. Mrs T complained about this to Cynergy.

Mrs T complained to Cynergy about this and it said to correct this it would need to reclaim the funds and reinstate the online ISA and then transfer those funds back to her original ISA provider. It tried to take the funds from Mrs T's account to start this process on 29 March 2021, but the attempt was unsuccessful.

There were several emails and calls from between Mrs T and Cynergy throughout the time of the complaint. Mrs T contacted Cynergy again on 21 April asking for a response in writing providing an explanation for the errors and how it would resolve them.

Cynergy issued its final response upholding Mrs T's complaint and proposed the following to put things right:

- Mrs T return the funds to it so it can reinstate the ISA status and then it will return the funds to her original ISA provider within two days
- Funds to be recorded as the previous year's ISA allowance
- Compensate Mrs T with loss of interest from 2 March 2021 to the date of the funds being returned to the original ISA provider. Adding an additional 45% to cover any tax liability Mrs T incurs
- £250 compensation for the inconvenience caused.

Mrs T was not happy with the proposal as she said she had lost confidence that Cynergy can put things right, so she brought her complaint to this service.

Our investigator looked into things and thought that Mrs T's complaint should be upheld. He asked Cynergy to go into further detail to explain how its proposal would work in practice, how it would calculate the interest and to increase its compensation amount from £250 to £300.

Cynergy agreed with the outcome the investigator had reached, and provided a more detailed account of its proposal, which was passed on to Mrs T.

Mrs T agreed in principle to the proposed outcome but wanted more assurance about exactly what would happen and when. She wasn't happy to give the funds to Cynergy at that time. After much back and forth with the investigator acting as the go between Mrs T and Cynergy failed to reach an agreement about the method Cynergy would use to transfer the funds to the original ISA provider. And so, the matter has been passed to me to decide.

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.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant.

My role here is to decide if a business has done something wrong and where it has, to direct it to put things right. But it's not for me to get involved in telling that business what processes it should and shouldn't use to achieve the required outcome.

As both Mrs T and Cynergy have agreed on the outcome and redress, which for completeness I think is fair, the only matter that is left unsettled is the method Cynergy will use in order to put things right. And I have to tell Mrs T that I'm not going to interfere with that. I'll explain why.

Cynergy has explained, it needs the funds returned to it in order to reinstate the ISA status of them – it has said it will then arrange for them to be placed back with the original ISA provider. It originally said it would do so by providing a banker's draft, but Mrs T would like it to be done by transfer. Cynergy are willing to comply with her request but have said to do so they will require her cooperation and need her to be in contact with the original provider. And I don't think that's unreasonable. I know Mrs T says she has no confidence in Cynergy doing this correctly but that isn't for this service to manage.

If Mrs T complies with Cynergy's request to return the funds to it - and things don't go as expected - then Mrs T may have cause for a separate complaint with Cynergy. However, I consider Cynergy has already managed her expectations about the fact that this is more likely to be a smoother process if it sends the money by banker's draft.

I can't in this decision look at what might happen - only what has already happened up until the point of Cynergy's final response and the way it has proposed to put things right.

I appreciate that Mrs T may still be apprehensive, but to move things forward if she wants to accept the agreed outcome, she will have to return the funds to Cynergy and let the process begin. She should also provide whatever cooperation is needed throughout the process.

Putting things right

To put things right here, Cynergy should, as already agreed:

- Pay Mrs T £300 for the inconvenience it has caused.

And once it has received the funds from Mrs T:

- Reinstate the ISA status and arrange for the funds to be transferred into an ISA with the original ISA provider, with cooperation from Mrs T as needed.
- Compensate Mrs T with loss of interest from 2 March 2021 to the date of the funds

being returned to the original ISA provider. Adding an additional 45% to cover any tax liability Mrs T incurs.

The interest should be calculated at the rate/s already laid out by Cynergy in its explanation that was previous provided to Mrs T.

For the avoidance of doubt, interest only continues to accrue due to Mrs T as long as she cooperates with Cynergy to ensure this is possible. For example, it wouldn't seem fair or reasonable for interest to accrue unless she sends the funds to Cynergy within 30 days of the date she accepts this decision, providing reasonable evidence of the same, if needed. Nor if she failed to cooperate with Cynergy as it has outlined above.

If Mrs T unreasonably refuses to send the money to it within two months from date of acceptance of decision, then it doesn't need to complete steps 2 or 3.

My final decision

My final decision is that I uphold this complaint against Cynergy Bank Limited and require it to:

- Pay Mrs T £300 for the inconvenience it has caused.

And on receipt of the funds from Mrs T, as set out above:

- Reinstate the ISA status and arrange for the funds to be transferred into an ISA with the original ISA provider, with cooperation from Mrs T as needed.
- Compensate Mrs T with loss of interest from 2 March 2021 to the date of the funds being returned to the original ISA provider. Adding an additional 45% to cover any tax liability Mrs T incurs.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 24 June 2022.

Amber Mortimer
Ombudsman