

The complaint

Mr M is unhappy OakNorth Bank plc has refused to compensate him for the loss of interest he suffered during his Cash ISA transfer.

What happened

Mr M transferred in a Cash ISA to OakNorth from another organisation. As his new provider OakNorth sent a transfer request to his old provider who acknowledged receipt of this on 3 April 2020. It then released the funds and closed his account on 10 April 2020. OakNorth received the funds on 14 April 2020 and credited them to Mr M's account that same day. Mr M says, in line with guidelines, as OakNorth is the transfer-in bank it must compensate him for the interest he lost between 10 and 14 April 2020.

Our investigator agreed. She said whilst OakNorth had met the mandatory government guidelines for transfer timings, and its terms and conditions that Mr M confirmed he'd read and agreed to, the fair and reasonable outcome would be for OakNorth to credit Mr M's account with the four days' lost interest. This would be in line with industry best practice that says on electronic payments interest should be backdated to the date the payment is initiated. She awarded £50 for the inconvenience caused to Mr M by having to locate and submit relevant documentation to resolve this.

OakNorth disagreed with this assessment and asked for an ombudsman's review.

In summary, OakNorth says it complied with the mandatory government guidelines for Cash ISA transfers. And, Mr M agreed in advance to its terms and conditions which make clear funds will be credited to account and interest will begin accruing no later than one business day from receipt of funds. As our investigator agreed with those two facts, OakNorth believes it is, in essence, being asked to alter a compliant business process - something which this service itself says is not its role, rather that of the regulator, the Financial Conduct Authority.

It added that as OakNorth was not the cause of the inconvenience Mr M suffered in resolving this issue (there is no record he asked for any copies of documents that it failed to provide) it disagreed it should pay £50 compensation.

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 am upholding Mr M's complaint, although I am changing the award slightly. Mr M is aware of this. I will explain why.

It's worth me saying that I have carefully considered all that both sides have said here, including OakNorth's responses to our investigator. In keeping with our role as an informal dispute resolution service, I will comment here only on those points I find to be material to the outcome of the complaint.

There is no dispute that OakNorth transferred in Mr M's Cash ISA in line with the government guidelines, that are mandatory, and that it credited the funds to his account, and they began to earn interest in line its terms and conditions. It has also evidenced Mr M had accepted these terms before the transfer was executed. However, as OakNorth knows whilst we must consider all relevant rules and regulations when reaching a decision we also have a remit to consider what is fair and reasonable in the circumstances of an individual complaint.

In considering this I note the documented industry best practice around the issue here, and that the dates involved fell over the Easter bank holiday weekend, somewhat unfairly penalising Mr M. And as he could not control that I don't think the fairest outcome is that he should suffer financial loss. I note OakNorth has reviewed the industry best practice guidelines during the investigation and agrees that they recommend interest should be back dated to the date the transfer of funds is initiated.

To be clear, I am not finding that OakNorth made any errors during the transfer, rather that in the individual circumstances of this transfer – given the number of non-working days involved - following its standard process did not provide a fair outcome for Mr M and so it should put things right.

I do however agree with OakNorth's point that it should not have to compensate Mr M for any inconvenience. There is no evidence of any failing it made relating to Mr M's information gathering. Whilst we do award payments for inconvenience, this would be inconvenience that a complainant has suffered as a result of an error the business made. That does not feel appropriate in the circumstances of this complaint, and also we do not make awards for inconvenience caused by gathering evidence to support a complaint.

Putting things right

OakNorth must credit Mr M's Cash ISA account with the interest he lost on the balance of £27,902.43 transferred on 10 April 2020 until the point at which interest began to accrue, using the rate live on his ISA at the time.

My final decision

I am upholding Mr M's complaint. OakNorth Bank plc must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 August 2022.

Rebecca Connelley
Ombudsman