

The complaint

Mr H is complaining about his cash ISA bond which was rolled over to another series upon maturity. He says Clydesdale Bank Plc, trading as Yorkshire Bank ('Yorkshire Bank'), acted against his wishes.

Mrs H is complaining on behalf of her husband but for ease I shall mostly refer to 'Mr H' in my decision.

What happened

Mr H held a Cash ISA Fixed Rate Bond (Issue 53) with Yorkshire Bank which was due to mature on 28 August 2020. Yorkshire Bank wrote to him in July 2020 explaining that it would automatically roll over to Issue 63 unless Mr H instructed otherwise.

Rather than rollover Mr H wanted to transfer it to another product provider ('Company B'). He spoke with his local Yorkshire Bank branch in Bolton and completed Company B's ISA transfer forms.

The rollover went ahead – Mr H said against his wishes – and the ISA wasn't transferred to the new provider until 18 December 2020. The transfer incurred penalties and Mr H wanted those to be repaid to him as well as payment for the distress and inconvenience caused in putting the matter right.

Mr H complained to Yorkshire Bank. In its response of 18 March 2021, it said;

- It hadn't received any correspondence from Company B with the transfer request until 25 November which was outside of the cooling off period. Part of the delay was caused by Company B sending correspondence to a branch address which was returned by Royal Mail.
- Mr H's ISA was valued at £15,194.41 and he was charged £33.71 for exiting outside of the cooling off period. The ISA had accrued £26.98 in interest from when it rolled over until it was closed leaving £6.73 which was deducted from the capital when it was transferred to Company B.
- It was willing to refund the £6.73 as a gesture of goodwill but concluded it hadn't done anything wrong.

Mr H wasn't happy with the response so brought his complaint to the Financial Ombudsman. Mr and Mrs H both held the same ISA Issue 53 and wanted to carry out the same action. Mrs H's transfer went ahead but the only correspondence he received from Yorkshire Bank was in December to confirm the ISA had rolled over – he'd been told nothing else prior to that and had no reason to believe the transfer to Company B wasn't going ahead.

Our investigator who considered the complaint thought it should be upheld. In brief, they said;

- It was likely Mr H had called Yorkshire Bank on 24 August 2020 to say he was transferring his ISA and it wasn't to be rolled over.
- Mr H hadn't received correspondence notifying him his ISA was being rolled over to Issue 63 rather than transferred. If he had, he would have taken some action.
- Mr and Mrs H made the same investment decisions. Mrs H's ISA had transferred to Company B within the cooling off period and without any exit charges so Mr H's could have done the same.
- Delays were experienced in the ISA transfer to Company B and they thought Yorkshire Bank was partly responsible for those delays.
- They recommended that the exit charges be repaid to Mr H plus a payment of £150 for distress and inconvenience cause.

Yorkshire Bank didn't agree. It said neither party had been able to trace a phone call of 24 August 2020. It wasn't responsible for Royal Mail returning the correspondence to Company B. It would be reasonable to assume that company B had checked the recipient address when correspondence of 9 October was returned before sending further correspondence which was also returned. It was the new provider who was responsible for chasing transfers if there are any problems or delays.

The investigator thought that if Yorkshire Bank had provided a forwarding address the correspondence would have been received. Yorkshire Bank confirmed the branch was still open and the fault was Royal Mail's.

As the complaint couldn't be resolved, it was passed to me for a decision. I issued my provisional decision explaining that I intended on upholding Mr H's complaint and detailed how the matter should be put right but I asked both parties to give me anything further they wanted me to consider before I issued my final decision. Here's what I said;

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

After doing so, like the investigator, I've provisionally decided to uphold Mr H's complaint albeit with a change to the amount to be paid to Mr H to put the matter right. I'll explain why.

In July 2020 Mr H was sent notification of the date of maturity of his ISA on 28 August 2020 by the Cash ISA Maturity team in Clydebanks. He was told his ISA would automatically be re-deposited into the Cash ISA Fixed Rate Bond (Issue 63) after which Mr H had until 30 October to cancel the agreement without incurring any interest charges if he didn't want to rollover. That letter also advised what other options were available and that if the customer had any questions or wanted to discuss their options, they should visit their local branch, speak with their relationship manager, or call on a dedicated phone line.

Mr H was written to again on 20 August 2020 advising the ISA was maturing.

The July 2020 notification did say "If you want to transfer your Cash ISA Fixed Rate Bond to another provider, please ask your new provider to contact us at Cash ISA Team" and gave the Clydebanks address. However, Mr and Mrs H didn't think this form gave them the option to transfer to another manager and wanted to let Yorkshire Bank know their plans. So, on 24 August they phoned Yorkshire Bank Bolton branch, gave their account details etc and advised they didn't want their ISAs to roll over to Issue 63 and were going to transfer to another provider.

Mr and Mrs H obtained the ISA transfer forms from Company B and returned these on 29 September 2020 giving the Bolton Branch address of Yorkshire Bank as the ISA manager's address rather than Clydebank.

Company B wrote to Mr H on 3 December to say it had written to Yorkshire Bank on 9 October and 2 November with its acceptance of the ISA funds and request they be sent but hadn't received any response. I note it later wrote to Clydesdale Bank Cash ISA Team on 23 November 2020 enclosing the earlier correspondence that had been returned and marked 'addressee gone away' by Royal Mail.

Mrs H did experience some problems with her transfer, but it did complete on 4 November. However, Mr H received a letter on 18 December 2020 from Yorkshire Bank saying the rollover of his ISA had taken place ie the ISA transfer to Company B hadn't occurred. After reviewing the above, I think the crux of the issue is whether Mr H informed Yorkshire Bank prior to the rollover cut-off date of 30 October that he didn't want to proceed with ISA Issue 63. And secondly, were Yorkshire Bank in any way responsible for the delays in the transfer itself.

Did Mr H contact Yorkshire Bank before 30 October 2020

Mr and Mrs H say they contacted their Bolton Branch of Yorkshire Bank by phone on 24 August. This was after receiving the July and (I assume) the August maturity notifications. Yorkshire Bank doesn't have a copy of the call, but I understand that not all phone lines are recorded. And Mr and Mrs H haven't been able to provide a copy of their phone records despite several attempts to contact their phone provider.

But I think it more likely Mr and Mrs H did make that call. They have been consistent in their recollections about the time of day the call took place and what was discussed. So even though Yorkshire Bank doesn't have a record of the call I think it's more likely it did take place.

Clearly Mr and Mrs H contacted Company B and arranged for the necessary ISA transfer forms to be sent to them in order to arrange for the transfer and after some delays these were returned to company B on 29 September. And we know these were received by Company B as they were forwarded onto the Bolton Branch on 9 October 2020. So, on the face of it, Mr and Mrs H did make contact to confirm what they wanted to do and took the appropriate action by completing and returning the ISA transfer forms.

Were there subsequent delays

Had the ISA transfer forms been received and processed after they were sent from Company B to Yorkshire Bank on 9 October, I think its most likely the transfer would have completed within a reasonable time. And within the 15-calendar day HMRC guidelines for cash ISA transfers.

However, the forms were sent to Bolton Branch rather than Clydesdale ISA transfer team. Mr and Mrs H had used that address as per their statement from Yorkshire Bank. But I understand from Yorkshire Bank if those forms had been received in branch they would have been passed onto the correct team.

Yorkshire Bank has said the ISA transfer forms it eventually received in November couldn't be processed as they weren't original copies. But even if it was those

incorrect documents that were included within the October 9 correspondence, I still think that would have allowed sufficient time for the correct documents to have been provided before 30 October. Both attempts by Company B to send the forms to the Bolton Branch were returned to Company B and marked 'addressee gone away'. The address used in correspondence by Company B was the correct one for the branch.

However, I understand the Bolton Branch had been rebranded as 'Virgin Money'. And I understand from a phone recording I've listened to of a call Mrs H had with Yorkshire Bank that Mr and Mrs H weren't aware of this. They said the last time they had visited the branch it was still Yorkshire Bank. And after Mrs H contacted Yorkshire Bank's main office, she was told that it was in the process of contacting customers about the new name. Bearing this in mind I don't think it's unreasonable to assume Royal Mail returned the correctly addressed correspondence because of the name change – which by the sounds of it was very recent.

And while I accept what Yorkshire Bank says – that it is not responsible for the reason the Royal Mail twice returned the correspondence – but Mr and Mrs H hadn't been informed of the rebranded name. And I think if they had been informed the correspondence they sent would have used the correct rebranded name. I think that it was Yorkshire Bank's responsibility to make sure its customers were aware of the name change to ensure that post was still correctly delivered. And no doubt Yorkshire Bank's customers, not knowing of this change would still be corresponding to the branch address under the old company name.

Overall, we know that Mr and Mrs H took the same action with their ISAs. Mrs H's was transferred and not rolled over to the Issue 63 ISA, but Mr H's wasn't. I think that transfer would have come about because of the transfer instructions from Company B.

So even though I can't know for sure why Mrs H's transfer did complete and Mr H's didn't I don't think it unreasonable to assume that in the case of Mr H the post being returned by the Royal Mail – which I think was most likely because of the rebranding – did significantly impact on the delay. And I don't think it unreasonable for Yorkshire Bank to have taken steps in notifying its customers to ensure it still received post from its customers.

The current offer – is it fair

As a gesture of goodwill Yorkshire Bank has already offered to repay the early exit charge of £6.73 and Mr H had already accrued £26.98 in interest on the rolled over ISA which cleared the remaining amount due.

However, as well as the gesture of goodwill repayment of £6.73 I think the interest accrued of £26.98 should be paid to Mr H because otherwise he is out of pocket. I say this because we know Mr H was trying to transfer his cash ISA to another product provider, and if that transfer had been completed on time and as it should have done, Mr H would have earned interest on his cash ISA with the new product provider. I don't think it's reasonable for Mr H to have lost out financially because of the delays he experienced."

To put things right I said Yorkshire Bank should repay Mr H the total amount of exit fees he had been charged and pay £150 for the trouble and inconvenience Mr H had been caused.

Neither party responded to my provisional 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 to the complaint has given me anything further to consider, I see no reason to depart from my provisional decision. So, I confirm those findings and reiterate how Yorkshire Bank should put things right.

Putting things right

Yorkshire Bank should repay Mr H the total amount of exit fees he has been charged. And I think Yorkshire Bank was in some way responsible for the delays in the ISA being transferred which I understand took Mr and Mrs H a lot of effort to try and resolve the situation. So, I think an award of £150 to be a fairer reflection of the trouble and inconvenience Mr H has been caused.

My final decision

I uphold Mr H's complaint and Clydesdale Bank Plc, trading as Yorkshire Bank, should put the matter right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 November 2022.

Catherine Langley
Ombudsman