

The complaint

Mrs S complains about the way Halifax Share Dealing Limited (trading as IWeb Share Dealing) dealt with the set up and closure of her stocks and shares ISA. She is unhappy that it wasn't made clear her account was open and is now being asked to pay a registration fee to reactivate the account after it was closed.

What happened

In late December 2020, Mrs S made an application to set up an ISA with IWeb. During the application process she was asked to provide documents to confirm her identification. She says she provided the information but didn't hear back from IWeb. As she didn't receive confirmation of the account opening, she added funds to an existing ISA with another provider in March 2021.

In April 2022, Mrs S contacted IWeb to inquire about using the account, it informed her that since the account had laid dormant for 12 months, it had been closed. She was also asked to pay a £100 opening fee if she wanted to reactive the account. Following this she raised a complaint.

She complained that IWeb has created and deleted an ISA account in her name without informing her at any stage – and then shut the account after 12 months without warning her. She was also unhappy with the way IWeb treated her personal data.

IWeb responded to the complaint. In summary it is said:

- It closed the account in February 2022 because it had been dormant for 12 months and this was in line with the terms and conditions.
- It had received all the relevant documents in January 2021 to open the account and provided confirmation in writing of this.
- It was unable to waive the £100 fee required to reactive the account.
- It retains data on closed accounts for 10 years, and after this it is destroyed as per its business policy.

Mrs S didn't accept what IWeb said. As no agreement could be reached, she referred her complaint to this service for an independent review.

One of our investigators reviewed the complaint. She didn't uphold it. In summary she said she hadn't found that IWeb had done anything wrong when opening the account or in its decision to close it. She felt had Mrs S intended to use the account, she would have expected her to have made inquiries sooner than she did.

Mrs S didn't accept the investigators findings and requested her complaint was passed to an ombudsman for a final 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.

It is not in dispute that Mrs S made an application and intended on opening an account with IWeb. What is in dispute is whether she should have been aware that the account had opened – and whether the subsequent request for her to pay a fee to reactivate the account is fair.

There is limited information available to me from the time of application, so I need to decide on the balance of the evidence what is a fair and reasonable outcome.

Mrs S made an online application to open an account in late December 2020. She has confirmed she received login details on the 2 January 2021. Initially she wasn't able to create an ISA, and she contacted IWeb and was asked to provide further identification documents, which she did. She says she called on 25 January 2021, and more identification was required before the account would be made fully operational – which again she sent on the same day. She says after this she received no communication from IWeb to say her account had been fully established.

As part of our investigation IWeb has clarified it would only send an e-mail to a new customer about the account being open if they were still yet to sign in. It has searched its records and confirmed that Mrs S logged into her account on 17 January 2021 and 25 January 2021. It says as she had logged in to her account, she would not have required any further contact.

On the one hand IWeb hasn't provided evidence that it contacted Mrs S to explicitly say that her account was open and fully functioning following her sending identification documents. But on the other hand, I'm conscious that despite making an application and providing identification documents it doesn't appear Mrs S contacted IWeb for over a year after engaging with the account opening.

It is accepted that Mrs S logged in to her account in January 2021. I note her comments that she hadn't been able to fully complete her ISA set up. It is unclear why she didn't contact IWeb again after providing the second set of identification documents. But the fact she had been able to log in suggests to me that an account had been established. On balance, I think it's fair and reasonable to say that the account was opened – and Mrs S ought to have been aware of this.

The account terms and conditions do say that if an account is inactive and holds no assets for over a year it may be closed. I haven't seen any evidence that Mrs S's account was used for a year and no assets were held. So, on this basis I don't find it unreasonable or unfair that IWeb sought to rely on the terms to close the account in February 2022.

IWeb says it can reactivate the account, but an opening charge is now payable (that wasn't previously). Mrs S believes IWeb should waive the current £100 fee for new accounts. But as I've not found that IWeb has made an error, it follows that I'm not asking for it to do anything further including waiving the joining fee.

Having recently reviewed IWeb's website, I saw it does have a current offer to get £100 cashback (i.e. the equivalent of the £100 account opening charge) when you switch or fund an IWeb ISA with £5,000 or more in the first 6 months. Mrs S has previously said she had been intending to transfer another ISA balance. If she is still interested (although I appreciate she may not be) in holding an IWeb account she may want to discuss this offer with IWeb to see if it is possible for her to receive this promotion and avoid the cost of the fee.

Finally, I note Mrs S has raised concerns about how her personal data has been handled during the application process. IWeb says there is a regulatory requirement for all Anti-Money Laundering identity verification documentation to be retained for 10 years after account closure. While I appreciate that Mrs S is worried about the security of her personal information, I haven't seen evidence that IWeb has acted in a way to put her personal data at risk.

I understand Mrs S's frustrations with what has happened, and I acknowledge that when answering the complaint IWeb incorrectly said it had contacted her in writing to confirm it had the required documents to activate the account. But for the reasons explained, I haven't found grounds to uphold the complaint, so I do not require IWeb to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 22 September 2023.

Daniel Little
Ombudsman