

## **The complaint**

Mr B complains that Digital Moneybox Limited ('Moneybox') failed to open a Lifetime ISA ('LISA'), even though he completed his LISA application several days before his 40th birthday deadline date.

To put things right, Mr B wants to be able to pay into his LISA and benefit from the features it offers plus financial redress for the money he feels he's missed out on as a result of what happened.

## **What happened**

Just before noon on Wednesday 5 June 2019, Mr B completed an application for the LISA via Moneybox's app after downloading this from its website.

To open a LISA, applicants had to be aged 18 or over but under 40 and Mr B knew that he had to have his LISA set up by his 40<sup>th</sup> birthday or he would lose the chance to open a LISA and take advantage of the benefits it offered. As his 40th birthday was just a few days after he completed the LISA application, he was keen to submit his application before his birthday deadline.

Mr B said Moneybox didn't make it clear during the sign-up process that his LISA wouldn't be opened until the first direct debit payment was taken and that this couldn't happen until the Wednesday of the following week, which would be after his 40th birthday.

When Mr B complained to Moneybox, it said it was unable to uphold his complaint. Moneybox said that on the same day Mr B submitted his LISA application, one of its customer support representatives explained to him via its chat function that, in line with its collection timings, payment wouldn't be made to the LISA in time. This was because the first contribution was set to be collected around midday the following Wednesday, which was after his 40<sup>th</sup> birthday. Moneybox had confirmed to Mr B at that point that he still had time to open a LISA with another provider.

Mr B referred the complaint to this service. He said he'd chosen Moneybox as it seemed straightforward to apply online and open an account instantly, which he did successfully around midday on 5 June 2019. He was adamant that at no point during the sign up process did Moneybox say that his account would not be considered open until the following Wednesday when the first direct debit would be taken. He said it only occurred to him that this could be an issue later that day when he received confirmation that the direct debit payment would be taken the following Wednesday. He said he got back in touch with Moneybox to check that the account would still be classed as open despite the funding being taken after his 40th birthday and he was told 'no' – and that Moneybox couldn't offer an alternative solution, such as him making a one-off payment by card or it lending him £1 to fund the account.

Our investigator didn't think the complaint should be upheld. She mainly said that:

- evidence from Moneybox showed that Mr B was clearly informed on the day that due

to Moneybox's payment timings he would be over 40 by the time the LISA was officially opened, and he was given the option to open a LISA with another provider.

- Mr B sent a message on Moneybox's chat facility on 5 June 2019 asking if Moneybox could confirm if the LISA was opened. Moneybox responded on the same day to re-confirm that the LISA wouldn't be opened before Mr B's 40th birthday.
- Moneybox provided evidence to show that Mr B's direct debit mandate was set up on 5 June 2019 but was not active on Moneybox's system until 7 June 2019.
- Moneybox provided evidence to show that Mr B would've been informed that payment was taken each Wednesday – so the earliest the LISA could've been opened would've been 12 June 2019.
- the fact that Mr B couldn't find another LISA provider didn't mean Moneybox did something wrong.
- Although Mr B said he wanted Moneybox to take a one-off payment for the LISA on the day he completed his registration that wasn't an option Moneybox could offer and we don't have the power to interfere with a business's internal processes.

Mr B didn't accept this and he has provided detailed representations setting out why he feels his complaint should be upheld. In very brief summary, he says:

- the app screenshots Moneybox has provided are weak evidence and only '*...a picture of a mockup of the app*' which doesn't prove that he was shown this information at the time
- important information he needed to know is still not explicit on its website – '*...the crux of my complaint is that there was no explicit warning (like the one in the image they provided) on their website prior to applying and there still isn't to this day...*'
- the information that is shown indicates that the process is '*...inaccurate or misleading by omission*' – for instance, where it says: '*Download the application and get started with £1.*'

- there was no opportunity for him to open a LISA elsewhere – Mr B put it this way: *‘... had I known about the delay from the website then I could have researched and had time to look at alternative options like opening a cash LISA elsewhere and transferring it to Moneybox at a later date, however I didn't do that in the weeks leading up to this because it made no mention of the direct debit delay on the website page associated with marketing the Lisa account...and still doesn't to this day. I just believed the implied marketing notion that the process was simple and required £1 to get started.’*

So Mr B's complaint comes 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.

I appreciate how strongly Mr B feels about this complaint. I want to assure him that I've carried out an independent review and considered everything he has told me. We provide an informal complaints handling service and this is reflected in the way I've approached the complaint. It's part of my role to identify and concentrate on the core issues I need to address in order to reach a fair outcome. This means I won't necessarily mention everything Mr B has brought to my attention and I've expressed some of his concerns in my own words. But I will comment on everything that makes a difference to the outcome of the complaint and try and deal with his main points of concern.

A key part of Mr B's complaint, as I understand it, is that whilst Moneybox has told us about its processes and shown us examples of screenshots, Moneybox hasn't proved that Mr B saw the same screenshots - he says he didn't see these and information which explains the time lag between completing the LISA registration and the account being opened still isn't made clear on Moneybox's website.

I must look at all the available information and decide what I think is most likely on a balance of probabilities – in other words, what is more likely than not to have happened. This can mean making some reasonable assumptions where there's only limited information. And I must be impartial.

Moneybox has sent screenshots showing information displayed on its app screens during the LISA application process which it says were *‘live at the time of Mr B's complaint’*. It shows that applicants would have seen a screen telling them that *‘Your savings are collected every Wednesday at midday’*. Some applicants would also have seen a message that says: *‘Due to the Moneybox payment timings, you will be 40 before we officially open your account with HMRC. If you would like to open a (LISA) we recommend opening one with another provider and then transferring that into Moneybox.’* Moneybox said that the system triggered this screen based on the customer's date of birth – and so Mr B would have seen this when he attempted to open a LISA with Moneybox.

I recognise that Mr B has said he wasn't presented with these screens and he believes these images don't prove that he must have seen the same information in 2019 – but that's not a good enough reason for me to be able to uphold his complaint. On balance, given that Moneybox operates its LISA process and designed its system to work in the way described and it has said these are the screenshots Mr B would've been shown, I think it's more likely than not that these screens were displayed. And I find that it was reasonable for MoneyBox to provide this information to LISA applicants this way.

But even if for some reason Mr B wasn't presented with these screens as part of the application process, it is not in dispute that Moneybox did make Mr B aware on 5 June 2019 that his direct debit payment wouldn't be taken until after his 40<sup>th</sup> birthday. So I think it's fair to say that Mr B was aware that he could have applied elsewhere for an ISA that same day and it was up to him to find another provider.

The following guidance is on this government website:

<https://www.gov.uk/guidance/managing-lifetime-isa-applications-and-accounts>.

It says '*Investors must be resident in the UK and age 18 or over, but under 40 when they apply to open and make their first payment into a Lifetime ISA.*'

I think this shows that Moneybox is correct in its assertion that a LISA is not officially opened until payment is made into the account.

To sum up, there simply wasn't enough time for this to happen in Mr B's case when he made his LISA application to Moneybox since its direct debit process couldn't take place earlier than the following Wednesday, by which time Mr B would have passed his 40<sup>th</sup> birthday. I have found that this information was most likely communicated to Mr B during the sign up process. In any event, it's not disputed that it was confirmed to him later that same day, along with a reminder that he could still try other LISA providers. I can't fairly say that Moneybox's LISA process caused Mr B any particular detriment when, before 6pm, he was back in the position he'd been in before he applied for his Moneybox LISA. He wasn't out of pocket as he hadn't paid anything yet and he still had a few days left to find another LISA provider.

I appreciate that Mr B feels more detailed information should have been included on Moneybox's website warning him that there might potentially be up to a week's delay before his LISA would be opened due to the way MoneyBox took direct debit payments on a set day each week – he says he'd have done things differently if he'd known this. And I can see that this would have been frustrating as the direct debit issue isn't mentioned pre-application. But, ultimately, I can't fairly say that MoneyBox has done anything wrong.

The fact that Moneybox had set up its direct debit payments the way it did and its lack of any other payment options aren't reasons for me to uphold this complaint. How financial businesses choose to operate and the services they offer are matters that come under the oversight of the regulator - the Financial Conduct Authority (FCA). Moneybox was entitled to operate its accounts as it wished, provided it made clear how payments were taken, which I think it did here.

All in all, I don't find that Moneybox acted incorrectly, unfairly or unreasonably when Mr B made his LISA application. I recognise that Mr B will be disappointed with my decision but I hope that setting things out this way has been helpful.

### **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 B to accept or reject my decision before 15 May 2023.

Susan Webb  
**Ombudsman**