

The complaint

Mrs P complains that she didn't get any correspondence from Barclays Bank UK PLC (Barclays) about her ISA.

What happened

Mrs P has a Cash ISA from Barclays, opened in March 2009. In March 2013, Barclays had post returned 'gone away'. Since that time, post was marked as such and statements and letters either weren't sent or returned. In September 2021, Barclays transferred the balance of the ISA to dormant accounts. The balance was then £4,288.76.

Mrs P complained. She said she'd advised Barclays of her change of address and it hadn't been done. She said - if she had received statements and correspondence about changes of interest rates, then she would've reinvested the money and got a better return.

Barclays said in their final response that they couldn't trace any notification that Mrs P had advised a change of address but accepted that she probably had. They offered loss interest of £104.16 and compensation of £75.

Mrs P didn't accept that and brought her complaint to us. Our investigator agreed with Barclays and said the award as offered was reasonable. He established with Barclays that correspondence had been returned 'gone away' and Barclays therefore stopped sending statements and letters to protect Mrs P's money.

Mrs P asked that an ombudsman look at her complaint – and so it has come to me to do that.

I then issued a provisional decision which said:

I asked some more questions of Barclays who looked into Mrs P's case again. And told us that when Mrs P moved, while the main current account address was changed, the address for the cash ISA was not. So since that time, correspondence has been returned. That has happened since March 2013.

Barclays also told us that the account balance of £4,289.02 was transferred to their dormant accounts section on 16 September 2021. Barclays couldn't tell us how the proposed interest adjustment of £104.16 had been calculated. They did advise us that if the ISA was reopened in Mrs P's name with Barclays, it could be done in such a way as to retain its ISA status. Or it could be transferred to an ISA with another provider, in which case Mrs P would only get ISA status from that time.

In view of the new information that Barclays has brought forward, it is clear that there was an error made by them in not updating Mrs P's address in March 2013. It is unfortunate that Barclays didn't properly investigate this in the first place – as we would've expected then to.

Mrs P argues that if she'd known about the rates that Barclays were paying, she would've actively moved the funds to get a better rate. Of course, I cannot confidently say if that

would've been the case or not – because on the other hand, if she had been an active investor I think it's reasonable to say she would've known she had an ISA with Barclays and realised she wasn't getting statements. And – contacted Barclays much earlier than she did.

So – I don't think it's reasonable for me to say she would've put the money with a provider paying a higher interest rate than Barclays. But – I do think it is reasonable to ask Barclays to pay Mrs P interest at their best cash (instant access) ISA rate they offered between March 2013 and February 2023. Therefore, this would be the account on the same terms as Mrs P opened in 2009 i.e. an instant access cash ISA. This interest adjustment replaces Barclays' previous offer of £104.16.

I am also proposing a higher award of compensation of £175 (an increase of £100) – as Barclays should've investigated Mrs P's complaint more effectively and at an earlier stage.

If Mrs P accepts this provisional decision, the interest is to be credited to the dormant ISA – and then Mrs P must tell Barclays what she wants to do with the dormant balance. She can either transfer it to a 'live' ISA account with Barclays or transfer it to a new provider.

Barclays have explained that Mrs P will retain the tax benefits of the cash ISA if it remains with them. But if she chooses to move to a new ISA provider, then she would only get the ISA benefits from the time she opens that new account. If she accepts this provisional decision, Mrs P should get in touch with Barclays to let them know how she wishes to proceed.

Responses to the provisional decision:

Mrs P agreed but wanted to know how much interest would be paid. Barclays agreed and set out what Mrs P needs to do to receive the interest and compensation:

- The interest refund for the period is £900.70, being interest for ten years on a balance of £4,289.02 at rate of 2.10% pa. However this doesn't add anything for compounding and Barclays must add that also.
- Mrs P should advise (when responding to this final decision), which account she wants this paid to – it cannot be the dormant ISA as this may complicate matters.
- Mrs P should advise when responding to this final decision which account she wants the compensation paid to. Barclays advise this should be her current account.
- Barclays ask Mrs P to complete a 'closed account balance reclaim' to have the dormant ISA account restored. We will send this to Mrs P and she can return this to us if she wishes along with her acceptance of the final decision.

I now need to make 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.

As both Barclays and Mrs P have agreed with the provisional decision, I am not departing from it in this final decision.

My final decision

I uphold this complaint. And Barclays Bank UK PLC (Barclays) must:

- Re-work Mrs P's ISA and pay to Mrs P the best interest rate payable on their cash ISA since March 2013 to February 2023. Barclays calculated this to be £900.70, and they must add compound interest to that amount. This resulting amount can be paid an account nominated by Mrs P.
- Pay compensation for distress and inconvenience of £175. This can be paid an account nominated by Mrs P.
- Work with Mrs P to ensure she gives instructions as to how to deal with the ISA balance which is currently in dormant accounts. We will send Barclays' dormant account reclaim letter to Mrs P separately.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 3 April 2023.

Martin Lord
Ombudsman