

The complaint

Mr S complains about what happened when his fixed term savings ISA with Nationwide Building Society matured. He said Nationwide failed to give him effective notice of the maturity date, and wrongly moved his money into a lower interest account.

What happened

Mr S had a fixed interest rate, fixed term cash savings ISA, which was due to mature in October 2022. Mr S had thought the maturity date was in November. He missed the maturity date, and his savings were moved into a lower interest ISA for a while.

Mr S accepts that he received documents from Nationwide before his account matured, but he said he didn't read them in full, and he didn't see what date the account was due to mature. So Mr S didn't realise the date was actually in mid-October.

Mr S complains that Nationwide didn't do enough to alert him to the maturity date. He said this should have been displayed prominently on the first page of the multi-page letter that Nationwide sent. And he also complained that he didn't receive an email from Nationwide, telling him when his ISA had matured.

Mr S said he contacted Nationwide in November, to ask about the ISA. It said then that the account had already matured, and his money had been moved into a lower interest ISA. Mr S also complains that Nationwide did this without his agreement.

Mr S has now moved his money back into a high interest ISA. But he said he lost about £77 in interest during the time that his money was in the lower interest account. Mr S said this was a scam, akin to fraud, because Nationwide had buried information on his maturity date on the third page of its letter.

Mr S complained, and he said Nationwide just told him it had written to him, the information he needed was on the third page of that pack, and he should have read this. Mr S said this was insulting and patronising. He wrote again, and Nationwide told him that its maturity letter had also told him that if it didn't hear from him, then his account would move to a different ISA product, with a rate of interest set out in that letter. Nationwide said it had fed back Mr S's view that it should put the maturity date on the first page. But it wouldn't uphold his complaint.

Mr S wanted Nationwide to pay the interest he'd missed out on while his money was in a lower interest account. And he wanted it to pay compensation for having to make and pursue this complaint.

When this complaint came to our service, Nationwide repeated that it didn't think it had made a mistake. Nationwide told us about a number of ways it had alerted Mr S to the maturity date of his ISA, including the third page of the maturity letter it sent to him on 23 September. It told our service that it could see this letter was printed on 24 September, so it was issued promptly.

Nationwide also showed our service the “Key Facts” which summarise the conditions of Mr S’s ISA. Those say that after the fixed term ends, money will be transferred into an instant access cash ISA.

Nationwide said it wouldn’t pay Mr S the interest he felt he’d missed out on.

Our investigator didn’t think this complaint should be upheld. He thought Mr S had been notified that his account was maturing, and it wasn’t wrong for Nationwide to move his money into a lower interest account.

Mr S replied in detail, to say he wasn’t happy with the view. He said that it wasn’t easy to find the maturity date from the letter Nationwide sent. He said this information was critical, and needed to be prominently displayed on the first page. Mr S thought this was deliberately hidden from him, and he felt that Nationwide accepting his feedback on this was an admission he was deceived.

Mr S also said he didn’t think Nationwide was entitled to move his savings to a lower interest account. He said that was illegal and unfair, and he said he shouldn’t lose the ISA wrapper by moving his money to a lower interest account. He said it was unreasonable to have to rely on the initial documents to know the maturity date. And he repeated that he didn’t get any notification when his account actually did mature.

Mr S said he wanted an ombudsman to consider his complaint, so this case came to me 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.

I’ve reached a different conclusion on this complaint to our investigator, and I think Mr S’s complaint should be upheld in part. That revised conclusion has been discussed informally with both sides, with representations received from both on my proposed resolution, so I will respond formally to those representations and finalise my decision here.

I think this complaint covers two points, one is the notice Mr S got about his ISA maturing, and the other is what Nationwide did, when it moved his money into an instant access ISA which earned a lower rate of interest.

I’d like to start with that second point. Mr S said Nationwide had no right to move his money into a lower interest account once his ISA had matured. Our investigator noted Nationwide told Mr S in its account maturity letter what would happen to his money next, if he didn’t respond to the letter. But I think it’s important that this wasn’t the first time Nationwide had said this to Mr S.

Nationwide has shown our service the “Key Facts” which summarise the conditions of Mr S’s fixed term ISA. And those say this-

“After the fixed term ends (‘maturity’) your money will be transferred into an instant access cash ISA. The terms and conditions and the interest rate applicable to that account, at that time, will apply. We will personally notify you before making this transfer.”

I think that those key facts are consistent with the contents of the cover letter that Nationwide sent to Mr S, when he opened his account on 12 April 2021, said this –

“When your Member Exclusive Fixed Rate ISA comes to an end, we’ll write to you with your options. If we don’t hear from you, we’ll transfer your balance to a Fixed Term ISA Maturity account.”

So I think that, under the agreement Mr S initially made with Nationwide for this ISA, he had already agreed what would happen to his money once the fixed term account matured. It would be moved to a different ISA – specifically set up to receive the funds of maturing fixed term ISAs. Nationwide did say that account wouldn’t have any restrictions on accessing the money. But I don’t think that Nationwide offered any commitment that this would be a high interest rate account, and I don’t think that it was unfair or unreasonable for Nationwide to move this to a lower interest account, which allowed instant access.

Instant access accounts do often carry a lower rate of interest than accounts which have restrictions on deposits or withdrawals. But moving Mr S’s money there, importantly, then allowed Mr S to choose whether he wanted to tie up his funds with Nationwide again (accepting restrictions on his funds in order to secure a higher rate of interest) or use the money, or move it elsewhere.

Nationwide did say that it would retain the funds within an ISA wrapper, so Mr S wouldn’t lose the benefit of the tax-free status of these funds. And I can see it did so. So, for the reasons set out above, I don’t think Nationwide did anything wrong when it moved Mr S’s money into this account.

I’d now like to look at the question of the notice Mr S was given about the maturity of his ISA. When this complaint came to me, it was clear that Nationwide had fixed quite precisely in time when Mr S’s ISA maturity letter was sent to him. That was on 24 September. And his fixed term account matured on 12 October.

So Nationwide sent Mr S a letter to tell him about a change to his fixed term savings account, more than 14 days before the account matured. In these circumstances, Nationwide also needed to send a reminder to Mr S within 14 days of the change to his account.

I hadn’t seen that reminder, so I asked Nationwide if it could show us that. And I said if it couldn’t, then it might like to think about paying Mr S the interest he missed out on, plus £100 in compensation. I thought then that this would provide a fair outcome to the complaint, if Mr S hadn’t received the more recent reminder that his account was maturing.

Nationwide replied, to say that it couldn’t evidence that this reminder was sent. It said it would agree to pay what I’d suggested.

I then contacted Mr S, to tell him about the revised position. Mr S replied to say he didn’t think £100 was enough compensation. He summarised for our service the time that this complaint had taken, and said given the amount of money he’d since deposited with Nationwide, he thought it should pay more.

I have reconsidered, in the light of Mr S’s comments. But I haven’t changed my mind. I still think the award I proposed to Nationwide would provide a fair and reasonable outcome to the part of this complaint which I’ve decided should be upheld.

I understand that Mr S feels strongly about this complaint, and that he’s spent some time in discussion with our service about both of the complaint points he raised in this case. I have

taken into account that Mr S needed not just to complain to Nationwide, but then to pursue this issue with our service, in deciding on an appropriate level of compensation. But I do still think that a payment of £77.24, to cover the interest he would have earned if he'd moved his money promptly into a higher interest account, plus compensation of £100, would provide a fair and reasonable outcome here. So that's what I'll now award.

My final decision

My decision is that Nationwide Building Society must pay Mr S £77.24 to cover lost interest, and £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 October 2023.

Esther Absalom-Gough

Ombudsman