

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax (Halifax) made errors when setting up a new one-year fixed ISA.

What happened

Mr M had a one-year fixed ISA which had a balance of £6,106 in November 2022. He asked Halifax to transfer £93,000 from another ISA provider A (an instant access account) to the Halifax one-year fixed account at a rate of 3.4% per annum. But - Halifax asked for £195,641.44 (the full balance with provider A) and this was credited to the one-year fixed account on 29 November 2022. Provider A closed Mr M's account.

It's not in dispute here that Halifax made an error and should've requested that only £93,000 was transferred.

Mr M complained that he only wanted £93,000 transferred and not £195,641.44. His funds were therefore tied up on a one-year fixed product and he couldn't access them. He wanted to use the instant access funds which should've remained with provider A (approx. £100,000) as he wanted to buy a property for approx. £160,000 – which came onto the market in March 2023. Mr M said he didn't understand Halifax's final response and therefore couldn't agree to it or take action on it.

Mr M argued that he lost out on the property purchase. He wants compensation for the loss of the opportunity of buying the property.

Halifax apologised for what happened. They accepted they made an error in requesting the larger sum of £195,641.44 to be transferred to them. On 3 February 2023, they offered Mr M two options:

- Open a new ISA with provider A and ask them to submit a partial ISA transfer request for the additional funds.
- Open a new ISA with new provider and ask them to submit a partial ISA transfer request for the additional funds.

In both cases, Halifax said Mr M's funds would be moved from the one-year fixed account to an instant access account with Halifax – so no early redemption penalty was applied when the transfer was made. Halifax said Mr M would still get the one-year fixed rate of 3.40% on the funds of £100,000.00. Halifax also offered compensation of £150.

Mr M didn't accept Halifax's offer and brought his complaint to us. He said he was confused by the offer. Our investigator said Halifax's offer was a reasonable one and upheld the complaint - saying the compensation of £150 should be paid.

Mr M didn't accept this and asked that an ombudsman look at his complaint, and so it has come to me 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.

I've seen that during our investigation, Mr M has raised complaints about other service issues at Halifax on other dates – which our investigator correctly said should be the subject of a new complaint - and Mr M has put his points to Halifax separately for them to respond to. So, I set that aside and this decision deals with the ISA transfer – which is the complaint Mr M referred to us.

It's not in dispute that Halifax made an error and should have arranged the transfer of £93,000 and not £195,641.44. Halifax have admitted that – and so the crux of this complaint is whether Halifax's offer to settle Mr M's complaint is a fair one. And I think it is.

I looked at Halifax's final response dated 3 February 2023 – it said:

“(In order to keep your ISA wrapper on your funds), the following options are available to you:

- Open a new ISA with (provider A) and ask them to submit a partial ISA transfer request (previous years subscriptions) for the additional funds we hold in your ISA...*
- Open a new ISA with another provider and as above, ask them to submit a partial ISA transfer request for the additional funds held in your ISA.*

On both these options, I will need to place your funds onto our variable rate so that no penalty is applied when a transfer request is received. Once the additional funds have been transferred to another provider, an interest adjustment will need to be applied to your account before maturity, to ensure you receive a rate of 3.40% on your funds of £100,000.00.”

The guiding principle of our service is that when a mistake occurs, a consumer is put back in the position they would've been in had it not occurred. And I think Halifax's offer did that – it gave Mr M the options to put his money back into an instant access ISA – either with provider A or a new one, and without any penalty for taking money out of the fixed rate account early. And the offer ensured he still got the interest rate on the £100,000 he wanted to put with Halifax.

Mr M said he was confused by the offer – but for me, I think it's reasonable to say it was clear and not misleading. He didn't take any action on it – and he told us that he then transferred all the Halifax funds to another new provider (B) on 20 March 2023. But provider B wouldn't allow any withdrawals for 14 days from that time.

Mr M says he couldn't buy the property he wanted to in March 2023 because of what happened. He showed us the sales information for the property – asking price £160,000 – and he told us it went on the market in the second week of March 2023 and was sold on 20 March 2023. We asked Mr M for evidence that he couldn't buy the property because he didn't have the access to the money. But unfortunately he couldn't provide that. And I've seen that he told us he was to have a second viewing of the property on 21 March 2023 – but it had been sold the day before. So – I'm not persuaded that Halifax can be held responsible for Mr M not buying the house.

I've also noted that Halifax's offer to put things right was dated 3 February 2023 - I've already said that I consider the offer to be a fair one. If Mr M had accepted it, he would've been able to withdraw the instant access money by the time he needed it, in March 2023.

But - Mr M chose not to accept the offer. I can't reasonably hold Halifax responsible for that.

Mr M chose to transfer the funds from Halifax to provider B on 20 March 2023 – and then couldn't access those funds for 14 days. I can't reasonably hold Halifax responsible for the terms of provider B. And I also note that he opened the account with provider B on 20 March 2023 – by which time the property was already sold.

Mr M has gone on to argue that compensation of £150 wasn't enough for what happened. This is in addition to the offer Halifax made to put things right – in terms of the funds transfers.

Mr M says he's suffered a lot of stress and anxiety – which I accept. He was dealing with the transfer of a lot of money and Halifax's mistake must have caused him a lot of worry and concern. I've considered this.

Our service has set out some criteria for assessing compensation payments. We say that where a large single mistake (as was the case here), requires a reasonable effort to sort out and where the business's actions could have resulted in some acute stress lasting hours at the lower end – or a have had a milder impact across a few days, or even weeks – then a payment of up to £300 is appropriate. I consider that what happened fits this definition, and that £150 is right.

I know Mr M will be disappointed by this – and he has put his case to us in detail and at length, for which we are grateful – but I'm satisfied that Halifax's offer is appropriate.

My final decision

Bank of Scotland plc trading as Halifax has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Bank of Scotland plc trading as Halifax should pay £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 October 2023.

Martin Lord
Ombudsman