

## The complaint

Ms S complains about the way Cambridge Building Society (“CBS”) handled her request to transfer funds held in her ISA after it closed her account. She says she suffered a loss of investment growth whilst funds were in limbo and also spent time trying to manage the transfer causing her distress and worry from repeated incorrect communications.

## What happened

In early May 2022, CBS informed Ms S it would be closing her ISA. Following a query raised by Ms S, she was informed she could transfer her ISA to another manager.

Towards the end of May 2022, CBS received a transfer out request from a new ISA manager. But this was rejected by CBS. Ms S contacted CBS to query why the ISA transfer out was rejected. CBS then reopened the account and stopped the original cheque with the transferred funds. At the end of June 2022, a further transfer request was made but this was rejected by the new ISA manager. Eventually at the end of July 2022 the transfer was reprocessed, and £113.28 was sent to the new manager. Ms S then invested the funds in a growth fund with her new ISA manager.

Ms S raised a complaint about how the transfer had been handled. CBS didn’t accept it had been incorrect to close the account. It said it agreed the ISA could be transferred to another provider to ensure the money kept its ISA status – but conceded it incorrectly rejected the initial transfer request. It offered Ms S £25 in compensation for the delays and handling of the initial transfer. It failed to send the cheque agreed to Ms S, so after she chased this, it increased the compensation to be paid by a further £25 – so paid her £50 in total.

Ms S remained unhappy that she hadn’t been compensated fully, including for the loss of investment opportunity while the transfer was delayed. She referred her complaint to this service for an independent review.

One of our investigators looked into the complaint. She felt it should be upheld and asked CBS to do the following

- Calculate if Ms S had suffered a loss because she wasn’t able to invest her transferred funds with her new provider due to CBS failure to complete the initial transfer. The investigator directed CBS to complete a comparative calculation to see if Ms S would have received more units in the funds she eventually invested in August 2022, had she had her funds available in mid-June 2022 when she first made the transfer request.
- Increase the compensation for the distress and inconvenience caused to £75 in total – so a further £25 as CBS had already paid Ms S £50.

CBS agreed to pay the compensation the investigator suggested.

Ms S didn’t accept the investigators proposed compensation. She felt that a greater payment for the distress and inconvenience she suffered should be paid. She also raised concerns about her tax-free allowance and trading fees in relation to the payment of the compensation for loss of investment opportunity. As no agreement could be reached the complaint has

been passed to me to reach a 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.

Ms S has been clear that she isn't complaining about the decision to close her account, so I won't be commenting on this. My findings are based on the concerns she raised about how her funds were transferred following the closure notice.

I'm satisfied CBS acted reasonably in allowing Ms S to transfer the account after it was closed, in light of its ISA status. But there were problems with the transfer. CBS has accepted it shouldn't have rejected the initial transfer request that Ms S made and this caused delays. This did cause some hassle for Ms S as she had to chase things up. It wasn't until the end of July that the ISA was transferred. As CBS has accepted some responsibility for the delays and accepted the investigators assessment, I will focus my findings on what fair and reasonable compensation is in resolution of the complaint.

Firstly, I note the comments Ms S makes about the compensation amount for the stress and time she has spent dealing with the matter. I have had regard for the fact the amount of money being transferred was just over a £100, so I think any compensation should be relative to this. I also note that CBS wasn't the only party involved in the transfer, and the new provider also rejected a transfer application. It isn't clear to me if the new provider holds any responsibility for the delays, but as I'm not considering a complaint about this business, I make no finding on this.

The investigator suggested Ms S should be paid £75 for the impact of CBS's handling of the transfer. During the investigation this was broken down for different instances of impact, but the approach I've taken is not to segment all of the different issues that have occurred but rather reach a figure that compensates for all of the distress and inconvenience Ms S has suffered. Having considered everything Ms S has told us about the practical and emotional impact on her of CBS handling of the situation, I find a compensation payment of £75 to be fair and reasonable.

In respect of the estimated investment loss caused by the delays. It is difficult to calculate loss and add additional units as suggested by the investigator. Ms S says she is now transferring out of the fund to a different provider. This adds an additional layer of complication. CBS have also said it would be difficult for it to pay compensation directly to a different provider. So, I think the pragmatic approach is for CBS to make a payment of £25 directly to Ms S to cover the financial loss. I note Ms S has raised concerns about the tax year these funds should be linked to and about any payment being outside of her ISA wrapper. It is unclear whether or not she does intend to fully fund her ISA allowance in the current tax year. If she doesn't then this money could be utilised for this year's allowance. But in any case, her estimated loss in monetary terms is relatively small. The investigator's estimation of somewhere around £15 is reasonable based on the unit price data that is available online for the fund. I think a payment of £25 fairly compensates her for any loss of ISA status through any additional tax liability she may incur on these funds if they are invested outside of the tax wrapper, and I also think this covers the trading charge Ms S mentions. While I can't conclude this is a precise amount to cover her loss, I think it is still fair overall in the circumstances.

I find compensation totalling £100 is a fair amount to resolve this complaint. This amount includes a payment of £75 for the compensation for the distress and inconvenience Ms S has suffered as a result of the way the transfer request has been handled and £25 to cover

the investment opportunity loss. I understand CBS has already paid Ms S £50, so I direct CBS to pay Ms S a further £50.

### **My final decision**

I uphold this complaint and direct Cambridge Building Society to pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 1 November 2023.

Daniel Little  
**Ombudsman**