

The complaint

Mrs H complains about how Santander UK Plc dealt with her Individual Savings Account.

What happened

Mrs H says she attended a Santander branch on 20 September 2022 to transfer her two existing Individual Savings Accounts (ISA) to it. She says the account was a one-year fixed interest rate paying 3% interest but decided a few days later to cancel the transfer. Mrs H says she also told her existing ISA providers not to transfer the money and believed Santander would not request the money. The money was transferred to Santander. Mrs H says she spoke to Santander and was concerned about the tax status of the money. She says she instructed Santander to open a new ISA which paid interest at 3.35% but then received a letter telling her the account was closed with a cheque for the full balance. Mrs H says she spent time speaking to Santander about what took place and was caused distress.

Santander says the money is now in the account paying 3% interest as Mrs H intended. It doesn't accept making a mistake.

Mrs H brought her complaint to us, and our investigator didn't think Santander had made a mistake. The investigator accepted there may have been some confusion about what took place, but the money was now in an ISA.

Mrs H doesn't accept that view and in summary says she told Santander to keep the account open and transfer the money to the account paying 3.35% interest which is what she was told would happen.

I asked both sides for more information and for Santander to provide the call recordings. It has not provided them but says it will pay interest at the higher rate as a gesture of goodwill.

Mrs H says there is now an account paying a higher rate but says her ISA status has not been lost.

My provisional decision

I issued a provisional decision on this complaint and said as follows.

I said that I intended to uphold this complaint.

I was satisfied that Mrs H told Santander not to proceed with the ISA transfer. I appreciated Santander's systems may have had problems when she called but that is not something I could fairly hold Mrs H responsible for and thought she also tried to make sure the transfer did not go through. I thought the important point was that Mrs H made clear that although she didn't want the transfer to go through, she didn't want her money to lose its ISA status and so told Santander to open a new account.

I had no doubt Mrs H was caused distress and inconvenience when Santander told her the account had now been closed and sent her cheques for the money. I could see Mrs H spoke

to Santander about the problem and it seems that it then agreed to open the new ISA paying 3.35% interest. I didn't think Santander had explained why it didn't transfer Mrs H's money into that new account and I made clear that I hadn't been provided with the telephone call recordings to understand exactly what took place.

I said that there is no dispute that Mrs H didn't lose her ISA status, but I was satisfied Santander told her that her money would be put into the newer account paying 3.35% interest. I could see that Santander fairly agreed as a gesture of goodwill to pay that interest rate for the time period and should do from when the account ought to have been opened until its expiry. I said I can't fairly order Santander pay interest at the higher rate as Mrs H suggests as that (3.35%) is the account, she intended to pay her money into. And I didn't think it matters if the previous account no longer exists.

I thought Mrs H was caused distress and inconvenience. And that she would have been concerned about her ISA status. I couldn't see any reason why Santander didn't deposit the money in the newer account as it appears it said it would. For those reasons I thought Mrs H should be paid £100 compensation which I thought fair and reasonable and reflected the fact that she didn't lose her ISA status but would have been concerned for some days about it.

I said that Santander should calculate the interest difference from when Mrs H asked it to open the new account and it agreed, to the end of the one-year fixed term ISA. It appears that date was about 5 October 2022, but no doubt Santander can check its records.

Santander has agreed with my provisional decision and says the interest calculation is £241.16.

Mrs H questions why the interest payment is referred to as a gesture of goodwill and says the compensation should be about £300.

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.

Having done so I have come to the same overall view that I reached in my provisional decision and for the same reasons. I appreciate Mrs H's point about the term "gesture of goodwill" and make clear I am simply repeating what Santander said about that point. I would have ordered that amount be paid if Santander hadn't agreed to pay it. I don't think the complaint justifies further compensation.

Putting things right

Santander should pay £100 compensation and the interest payment of £241.16.

My final decision

My final decision is that I uphold this complaint and order Santander UK Plc to pay Mrs H £100 compensation and the interest calculation of £241.16.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 5 September 2023.

David Singh
Ombudsman