

The complaint

Mrs V complains that TSB Bank plc haven't completed a transfer of her cash Individual Savings Account (ISA) to a third party bank in a timely manner.

What happened

Mrs V says that she has a cash ISA with TSB and she wanted to transfer this to a third party provider to benefit from a higher rate of interest. Although she requested the transfer on 2 March 2023, the transfer didn't complete until June 2023. Mrs V made a complaint to TSB.

TSB partially upheld Mrs V's complaint. They said the initial transfer was rejected due to an inactive block on her account, and further requests have been rejected as her new third party provider have not abandoned all requests before sending a new one, so they were unable to agree there has been a bank error on their side on this point. But TSB said they had given Mrs V incorrect information and agreed actions were not completed. They said to move this forward their ISA team emailed the new third party provider with instructions of what they needed to do. TSB said they enclosed a cheque for £100 to apologise for what happened. Mrs V brought her complaint to our service.

Our investigator felt £100 compensation was fair for Mrs V's complaint. She said she believed there were two obstacles with the transfer of this ISA, one was due to the original block placed on the account due to inactivity, and this required identification at a branch to reactivate the ISA. She said the second issue was her new third party provider sending multiple requests for a transfer of the ISA prior to abandoning the previous requests, which was not the fault of TSB.

Mrs V asked for an ombudsman to review her complaint. She made a number of points. In summary, she said the compensation was not enough as she said the TSB manager only contacted her once during the whole time, she had spent hours being on hold talking to TSB's ISA department at least three times a week and visiting multiple TSB branches on multiple occasions, the £100 was awarded up until the end of April but the situation wasn't resolved for months later, so it didn't reflect what happened in May and June 2023

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.

Mrs V has made a number of points to this service, and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I'd like to explain to Mrs V that it is not within this service's remit to tell a business how to run their ISA policies and procedures, such as when they should make an ISA inactive, how to reactivate this, and how they communicate to their customers if there are any delays in the transfer. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct TSB to make changes to their policies and procedures, if necessary.

TSB's records show that they first received the ISA transfer request from the new third party provider on 3 March 2023. But as there was an inactive block on Mrs V's ISA the transfer was not processed. TSB's procedure is for Mrs V to visit a branch with identification so the inactivity block could be removed. I can see they wrote to her on 6 March 2023 regarding this and Mrs V visited a TSB branch on 8 March 2023. The inactive block was removed on 8 March 2023. So there was a delay of five days from when TSB received the initial request to when the inactive block was removed.

On the same day TSB received another ISA transfer request from the new provider. But as the first request was still live because it hadn't been abandoned by the third party provider, TSB were unable to process the second request. So TSB sent the third party provider a message asking them to abandon the transfer, but the evidence shows they didn't do this until 29 March 2023, which would be outside of TSB's control.

The third party provider sent another ISA transfer request on 20 March 2023, but as the initial and second requests were still live and not abandoned, this meant this attempt to transfer the ISA was also unsuccessful. TSB sent the third party provider another message on this date asking them to abandon the other two requests they had sent as these were preventing the transfer from being processed, but the third party provider did not abandon the third request until 9 May 2023, which would also be out of TSB's control.

TSB again sent the third party provider a message on 29 March 2023 asking them to abandon the three previous requests and to send them a new request. But the third party provider didn't abandon all of the requests, and on 3 May 2023 they received a further request from the third party provider. Due to the same issues as before, TSB couldn't process this as all of the previous requests hadn't been cancelled and TSB asked them to abandon the request, but they didn't receive confirmation that this request was abandoned until 19 June 2023. This is also outside of TSB's control.

It was only on 19 June 2023 when there were no live transfer requests as the third party provider had abandoned the last live request on this date. They then sent another ISA transfer request on this date, and as there were no live requests, then TSB were able to process the transfer. I can see TSB chased up the third party on a few occasions after this date, and it was 26 June 2023 when the third party accepted the ISA funds.

I've considered what Mrs V has said regarding the lack of contact she's had from TSB about what happened, and she received only one call from a branch manager during the four months. But it is not TSB's process to contact a customer about a failed outgoing transfer unless there is a mismatch of information, as they would notify the provider as to why they couldn't process the transfer, although I do note that TSB's system notes showed they did ring Mrs V on 9 May, 21 June, and 23 June 2023. So I can't say TSB made an error here. It would be the new provider I would generally expect to inform a customer of any issues if this is part of their process to do so. I can see that TSB promptly informed the third party provider to abandon previous requests when they received new requests.

I've considered what Mrs V has said about the level of compensation that TSB paid her despite her spending hours being on hold talking to TSB's ISA department at least three times a week and visiting multiple TSB branches on multiple occasions. And while I do have a great deal of sympathy for the position Mrs V found herself in – through no fault of her own, I can only look into the actions of TSB here and what errors they have made. And I can't fairly say that it was the actions of TSB that led Mrs V to take the action that she did, although I can understand why she did this due to the delays. So I'm not persuaded that TSB made any errors which warrants higher compensation than the original £100 to be paid.

I say this as apart from a minor delay at the beginning of the process to remove the inactive block (which would have been unavoidable based on the process to reactivate the ISA), TSB had sent numerous messages to the third party bank to abandon the previous ISA requests, but the third party provider didn't do this until several weeks/months later. So it is not proportionate to hold TSB responsible for these delays as they generally acted on the same day when they received requests from the third party provider, and they told them what they needed to do, but the third party provider didn't do this, which is out of TSB's control.

I'm persuaded the £100 cheque was fair for TSB's role in what happened here. But while I'm persuaded the compensation was fair, I'm also conscious that if Mrs V hasn't deposited this cheque, then the cheque may have expired. So if Mrs V hasn't deposited this cheque, I'm satisfied that it would be fair for TSB to cancel the original cheque and reissue her another cheque for £100 (or if they have the facility to make a payment direct to an account of Mrs V's choosing, then they could make a direct payment). But I don't require TSB to do anything further.

My final decision

TSB Bank plc has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that TSB Bank plc should pay Mrs V £100 (but only if Mrs V hasn't already deposited the cheque). In the event she hasn't deposited the cheque, TSB Bank plc may want to cancel the original cheque and reissue another cheque for £100 – or make a payment direct to an account of Mrs V's choosing if they are able to facilitate this. But I won't be requiring TSB Bank plc to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 2 February 2024.

Gregory Sloanes
Ombudsman