

The complaint

Mr H complains that Barclays Bank UK PLC made an ISA account in his name dormant and then took too long to return the funds to him, causing a financial loss.

What happened

Mr H held various accounts with Barclays, this included an ISA with a balance of £5,773.86. No transactions had been made on this account for some time, so in August 2021 Barclays wrote to Mr H to say it would close his ISA as dormant in November 2021 if it did not hear from him.

Mr H spoke with Barclays in October 2021 about his other accounts, but it appears neither Mr H nor Barclays mentioned this inactive ISA during those calls.

On 5 July 2022 Mr H contacted Barclays to say that he wanted to close this ISA and withdraw the balance. Because the account was now dormant Mr H had to provide identification documents, which he provided in branch on 15 July 2022. At this stage he was told it could take between 8 and 12 weeks for his money to be returned to him.

Mr H was unhappy with the closure of the account and with the potential delay in his funds being paid to him, so he raised a complaint. Barclays looked into Mr H's concerns but the final response letter we have seen provides no real commentary on what happened, nor does it offer any resolution or counter argument to Mr H's complaint.

I understand that Mr H eventually received his funds in late 2022. He says that at that time Barclays offered him £200 compensation, but I've not seen any explanation for why Barclays made that offer or what it relates to.

In any case, Mr H didn't feel this offer was fair. He says that if he had been able to withdraw his ISA balance within a reasonable time then he would have invested it elsewhere. Mr H says his losses as a result of not being able to invest these funds are around £1,800.

One of our Investigators looked into Mr H's complaint. Barclays did not submit any evidence or arguments to our service. But based on what Mr H had provided, our Investigator considered that Barclays had made errors here. In summary, their findings were:

- Barclays should have done more to contact Mr H before closing the ISA as dormant and should have confirmed to him when the account was closed.
- The time taken to return Mr H's ISA funds to him was excessive.
- Barclays handled Mr H's concerns poorly.

To resolve the complaint, the Investigator recommended that Barclays do the following:

- Pay interest on the dormant ISA balance at the cash ISA rate – minus any interest already applied.

- Pay 8% interest on top of this on the cash ISA balance for the period Mr H was unable to access his funds - from 5 July until the funds were released.
- Pay £400 compensation for distress and inconvenience.

Barclays agreed with the investigator's findings. Mr H confirmed that although he largely agreed with the Investigator's findings, he did not agree with how his financial loss had been calculated. He has provided extensive information about the investment he was intending to make and how it would have performed.

I issued my provisional decision on this case on 12 July 2023. Barclays has accepted my provisional findings, Mr H has not made any further comment.

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.

In my provisional decision I explained the following:

"Looking at all that has happened here, I agree with the findings set out by our investigator, but I am intending to recommend that Barclays resolve this case in a slightly different way, so I want to give everyone the chance to reply before issuing any final decision.

I note that Barclays has provided us with extremely limited information or arguments regarding this case. But from what I have seen, it appears that Barclays made only limited efforts to let Mr H know that his ISA would be closed as dormant. Barclays also does not appear to have given any indication at that time that the funds in the ISA would then take considerable time to retrieve.

When Mr H asked to withdraw the funds in July 2022, Barclays did let him know there could be a delay, but no real explanation has been given as to the reasons for that delay. And Mr H appears to have provided all the necessary proof of his identity by 15 July 2022, but he didn't receive the funds until many months later.

So I'm satisfied that Barclays has not treated Mr H fairly here. It's arguable that Barclays was too quick to make Mr H's ISA dormant, and that it could have done more to make him aware of what the impact of that would be. And I consider that Mr H should have been able to access his ISA funds at a much earlier stage.

My role is to try and put Mr H back, as near as possible, to the position he would've been in, had it not been for any shortcomings on Barclays' part. So, this means putting Mr H in the position he would've most likely been in, had he been able to withdraw his ISA balance in July 2022. And I think it is clear from all the correspondence Mr H has had with Barclays and with our service that, if he had been able to make the withdrawal at that time, he would have invested the funds. Mr H has then gone on to provide a detailed breakdown of how the investment he intended to make would have performed.

Our Investigator recommended that Barclays pay 8% interest on the ISA balance, which Barclays accepted. When we tell a business to pay 8% interest, the intention of that is to provide general compensation for the consumer for being unable to use their funds as they wished. But when we have a specific and detailed account of any financial loss, we would instead ask the bank to cover those losses if we are satisfied they were incurred as a result of a failure on the bank's part. In this case Mr H has provided a detailed account of his

losses – amounting to £1,812.53 – and I’m satisfied that asking Barclays to cover that loss is a fair outcome in this case.

I appreciate that Barclays terms and conditions say it will not cover loss of profit. While I am mindful of those terms, my role here is to decide what’s fair and reasonable in all of the circumstances of a complaint. Here, I’m satisfied that, were it not for Barclays mistakes – Mr H would have invested his money in a specific way and have benefitted from it as he has persuasively shown. In these circumstances, I don’t think Barclays strict insistence on its terms leads to a fair outcome. And in the absence of any real counter-argument from Barclays – beyond simply restating these terms, I am satisfied that Mr H’s account of his losses is reasonable, so it follows that I consider it fair and reasonable for Barclays to reimburse him for those losses.

I also agree that it is reasonable for Barclays to pay an additional amount to Mr H in compensation. This issue has not been handled well by Barclays, and I’m satisfied that it has caused Mr H some measure of distress and inconvenience. I consider that the £400 compensation recommended by our investigator, and which Barclays has already agreed to pay, is reasonable in all the circumstances of this complaint.”

As Barclays has accepted my findings, and Mr H has not made any further comments, I see no reason to depart from the findings set out above.

Putting things right

To resolve this complaint Barclays should:

- Pay Mr H £1,812.53 to cover his financial loss; and
- Pay Mr H £400 compensation for the distress and inconvenience caused.

My final decision

I uphold this complaint. Barclays Bank UK Plc should put things right in the way I’ve set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H to accept or reject my decision before 12 September 2023.

Sophie Mitchell
Ombudsman