

## **The complaint**

Mrs W complains about issues she had when making an ISA transfer from Sainsbury's Bank Plc to another ISA provider. She's also unhappy that Sainsbury's won't communicate with her in writing about these issues.

## **What happened**

Mrs W had two cash ISA accounts with Sainsbury's. She completed an online bank transfer between the two ISA accounts for £5,712.03.

She then wanted to make a transfer from the Sainsbury's ISA with the £5,712.03 in, to a new ISA with a different provider.

On 18 November 2022, the new provider requested the funds from her Sainsbury's ISA, but the transfer was not completed. Sainsbury's said it rejected the partial transfer because the funds were mostly made up from the current year's contribution, not from the previous year, as noted on the request.

Mrs W said that the money had been transferred from her other Sainsbury's ISA that was made up of previous years, partial transfers.

Sainsbury's said it would need to discuss the internal transfers she made between her two Sainsbury's accounts over the phone. It said she hadn't followed the internal transfer process and as a result the funds had been treated as part of her current years subscriptions, losing the tax-free status. It referred to the ISA terms and conditions.

This concerned Mrs W so she asked that Sainsbury's respond to her in writing. She wanted Sainsbury's to explain why the funds weren't being treated as previous years contributions, she wanted this to be amended and she wanted the request from the ISA provider to be actioned.

Sainsbury's said it needed to discuss this over the telephone with her. Unhappy that it wouldn't write to her, Mrs W raised a complaint.

On 5 January 2023, the new provider made the request for funds again and this time it was completed. However, Sainsbury's have since said that the transfer to the new provider shouldn't have gone through because the request made noted that the funds were from a previous year's contributions (the same reason the initial transfer was rejected). As a result, Sainsbury's has said Mrs W has benefitted from the partial transfer, when she shouldn't have.

Sainsbury's responded to Mrs W's complaint and said that its secure message system is used to resolve small, quick issues. It said that in Mrs W's instance it would've been easier to discuss her concerns over the telephone.

Unhappy with the response she received from Sainsbury's, Mrs W brought her complaint to this service. One of our investigators considered the matter.

They said that Sainsbury's had been clear in telling Mrs W why the original transfer request had been rejected. They also thought the terms and conditions of the ISA made it clear that any internal ISA to ISA transfer should be done over the telephone. And they said Mrs W had benefitted from a mistake Sainsbury's had made by allowing the partial transfer to go through to the new provider, second time round. The investigator also said that it was for Sainsbury's to decide how best to communicate with its customers and unless there were specific reasons such as reasonable adjustments made under the Equality Act, requesting Mrs W to call was reasonable. Overall, they didn't think Sainsbury's had done anything wrong.

Mrs W disagreed. Several emails were exchanged between Mrs W and the investigator, but in the end the investigator said he didn't think anything would change his mind, so he arranged for the case to be considered by an ombudsman.

### **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've reached the same outcome as the investigator for broadly the same reasons.

I understand Mrs W feels strongly about her complaint and she has asked for specific information to be requested from Sainsbury's, so that I can review it. I'd like to reassure her that I've looked at all the information on the file including her requests, but I am satisfied I have enough to reach my findings. I have focussed my decision on what I consider to be the key issues.

### **Transferring between two Sainsbury's ISA's**

I've firstly looked at the internal transfer between Mrs W's two Sainsbury's ISA accounts. Mrs W completed the transfer using her online banking, but she says the funds shouldn't have lost their tax-free status and shouldn't have counted towards the current year annual ISA allowance.

The terms and conditions of the ISA account set out the following:

*"Transfer In from existing ISA provider - You must complete a 'Transfer In' form which can be found on our website or we can send you one. If you don't use this form, your funds will lose their tax-free status and will count towards your current year annual ISA allowance.*

*'Transfer from an existing Sainsbury's Bank savings account - You can transfer money from your existing Sainsbury's Bank savings accounts through our Online Banking and Telephone Service. If you want to transfer funds from another Sainsbury's Bank ISA, please call us.'*

I'm satisfied that the terms and conditions are quite clear that Mrs W should've called Sainsbury's to make the internal transfer.

The terms and conditions also explain what will happen to the funds if a 'transfer in' form wasn't used when transferring from an existing ISA provider.

So, although this doesn't explicitly say that the same would happen if customers transfer funds between Sainsbury's Bank ISA's online – I think it's fair to assume it's likely the funds

would be treated the same. And in any event, I think Mrs W should've called in the first instance, without taking the risk of doing the online transfer. Because of this, I'm satisfied Sainsburys treated the transferred funds as part of the current year subscription, which in turn means they lost their tax-free status.

### **Transfer to new ISA provider**

Sainsbury's has provided evidence of the transfer request made in November 2022 and January 2023 from Mrs W's new ISA provider – these are both the same and state that the funds being requested are not from the current year.

The request in November 2022 was originally accepted by Sainsbury's, but later rejected when the person responsible for making the payment realised that most of the funds were from the current years allowance – which is not what the request said. As such the request was rejected.

The same thing happened in January 2023, but the person from Sainsbury's who was responsible for making the payment didn't realise that most of the funds being transferred were from the current year. As such the request was completed and the money was moved from Mrs W's Sainsbury's ISA to her new ISA.

As I explained previously, I'm satisfied that the terms and conditions explain how the internal transfer should've been made. Because it wasn't made in the correct way, I'm satisfied most of the funds that were being requested by the new ISA provider were being treated as if they were part of the current years allowance. So, this means I don't think the request should've been actioned.

I'm satisfied that Sainsbury's mistake has benefitted Mrs W because she has been able to make the partial transfer to her new ISA provider – which is what she wanted.

### **Communication**

Mrs W has said she wanted to communicate in writing because she wanted an audit trail of what had been discussed.

Sainsbury's said where possible it will communicate with its customers in their preferred way – but sometimes it is easier to discuss things over the telephone. In this instance, they wanted to speak with Mrs W over the telephone as they felt a conversation would've been easier than secure messaging.

I understand Mrs W has made specific comments about Sainsbury's response and has said she had many calls with Sainsbury's, and they didn't resolve the issues.

But ultimately, I think Sainsbury's was just trying to do all they could to discuss and resolve any issues Mrs W had in the best way possible, and with the least time and resource required.

Given that Mrs W hasn't said she needs any reasonable adjustments, I don't think Sainsbury's acted unfairly when they said to Mrs W it would be easier to discuss things over the telephone. And although I recognise this wasn't Mrs W's preferred method of contact – I can't say Sainsbury's has done anything wrong or that they should do something to put it right.

**My final decision**

For the reasons I've explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 12 April 2024.

Rachel Killian  
**Ombudsman**