

### **The complaint**

Mr B complains that Charter Court Financial Services Limited trading as Charter Savings Bank (Charter) made errors relating to a payment he tried to add into his Individual Savings Account (ISA).

### **What happened**

Mr B says that on 9 March 2023 he arranged a payment for £4,261.32 to his Charter ISA to utilise part of his 2022/2023 tax year ISA allowance, but the following day the funds were returned to his third party bank account without any warning. Mr B says on 18 March 2023, his third party bank forwarded the money to Charter again, but this time it was accepted (although Mr B says he was unaware of this separate payment, and he only realised this when he viewed his mini statement).

Mr B says that Charter did not ring him until 13 April 2023, as they said they needed to complete an ISA declaration for him. But this was in the next tax year, and as a result of Charter's call being weeks after they received the payment, it appeared that Mr B would miss out on the contribution being attributed to the 2022/2023 tax year. Mr B made a complaint to Charter.

Charter upheld Mr B's complaint and offered a goodwill payment of £30 which they said they enclosed with their letter. They said following the maturity of his account, on 18 March 2023 they received a further deposit of £4,261.32 to be invested into the new account, and also using his 2022/2023 ISA allowance. But they were unable to do this as before they are able to accept new funds to an ISA they must have an up to date ISA declaration. While an ISA declaration was completed when Mr B opened an ISA in 2019, the declaration was only valid for the tax year it's agreed to and also the following tax year, but when his funds were reinvested upon maturity, no new declaration was required as the funds related to previous years' ISA subscriptions.

Charter said that when they receive funds from customers who need to renew their ISA declaration, they look to contact them by telephone as soon as possible to gain their agreement to it. However this declaration is only valid for the tax year it is actually agreed to by the customer and cannot be backdated once a new tax year has started. They said in order to put things right they've now accepted his deposit of £4,261.32, and backdated it to 18 March 2023, which means this is assigned against the 2022/2023 tax year as intended, and it is earning interest from the day it was received. Mr B brought his complaint to our service.

Our investigator felt the £30 compensation was reasonable. He said it's not clear why the money returned on 10 March 2023 was debited from Mr B's current account without his knowledge on 18 March 2023, but that would be for his current account provider to explain. It was the intention of Mr B to make the initial payment, so he didn't think that was to Mr B's detriment. He said Charter's service was poor but the backdating of the deposit and ISA allowances alongside the offer of £30 has meant Mr B has not been financially disadvantaged, which was fair and reasonable and in keeping with what we would have asked for.

Mr B asked for an ombudsman to review his complaint. He felt £100 compensation was more appropriate as he said someone forgot to action the payment for the 2022/2023 tax year and told him it would have to go into the 2023/2024 tax year which would have limited his remaining ISA allowance for that tax year, until they finally agreed to backdate the payment to the 2022/2023 tax year.

### **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.

Mr B has made a number of points to this service, and I've considered and read everything he'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 his complaint in deciding what's fair and reasonable here.

I'd like to explain to Mr B that it is not within this service's remit to tell a business how to run their ISA contribution policies and procedures, such as when a new ISA declaration is needed, or how they communicate to their customers about this. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Charter to make changes to their policies and procedures, if necessary.

I've looked at the mini statements that Mr B has provided to us. This shows he attempted to make a payment to Charter on 9 March 2023 for £4,261.32, but this was returned to his account on 10 March 2023. But I'm not persuaded Charter received this payment as their submissions are that they received his actual payment on 18 March 2023. Mr B has said that the payment on 18 March 2023 had been sent without his knowledge, but as this was a bill payment, I'm not persuaded that this was Charter requesting the payment from him as they rejected a payment earlier, as it seems they didn't receive the first payment. If they had received this, then it's likely this would have reached their suspense account like the payment on 18 March 2023 did. So Mr B may want to contact his bank to see what happened here.

But I'm not persuaded that this had too much of an impact on what eventually happened here as Charter did receive the funds over two weeks before the end of 2022/2023 tax year. But they had no completed ISA declaration from Mr B to be able to credit his payment to his ISA in this tax year. They hadn't needed one previously as Mr B completed one in 2019, and they don't need a new declaration when the funds from previous tax years are reinvested, but Mr B was adding a new deposit this time, and that is why they needed an ISA declaration completing for 2022/2023 tax year.

Charter have provided our service with an ISA information booklet which they said they sent Mr B when he opened the two year fixed ISA in March 2021. This has a section which contains the following wording "*Your Cash ISA becomes inactive at the end of a tax year if you haven't paid in any of your annual ISA allowance during that tax year. If you do wish to make a deposit into your Cash ISA once it becomes inactive, you will just need to agree to a new ISA declaration for that tax year. Please call us on (number provided) and we'll take care of everything for you*".

I can't see that Mr B contacted Charter prior to him making the payment to agree to a new ISA declaration. But I've also looked at his two year fixed rate cash ISA saver key features and summary box document. This says "*If we receive a deposit or transfer then we may need to contact you to confirm the declarations you have previously given us. We will contact you to obtain that declaration and when we have we will, subject to the terms and*

*conditions of the Account, credit the funds received to the Account and pay interest from the date we received the funds. If we cannot contact you to obtain that declaration then we will return the funds received without interest".*

So when Mr B didn't contact Charter, then it would be reasonable based on the wording in the previous paragraph that Charter would try and contact Mr B to obtain the ISA declaration. But they did not do so in that tax year despite there being over two weeks left of the 2022/2023 tax year.

When Charter completed the ISA declaration with Mr B they initially told him that this would count towards his 2023/2024 tax year ISA allowance. So this would have been frustrating for Mr B when he had ensured Charter received the funds over two weeks before the end of the 2022/2023 tax year.

So I've considered what would be a fair outcome for this complaint. When a business makes an error, we would expect them to try and put Mr B in the same position (or as close to it as possible) that he would have been in if the mistake didn't happen. So if Charter had contacted him in the 2022/2023 tax year and completed the ISA declaration there and then, Mr B would have been able to use this allowance instead of the 2023/2024 allowance. Charter have been able to backdate the payment to 18 March 2023 when the funds reached their suspense account, so I'm satisfied that Mr B has been put in the same position that he would have been in if Charter had contacted him in the 2022/2023 tax year.

I know Mr B feels that £100 is more proportionate for what happened here. But our awards are not designed to punish a business. As Charter have been able to put Mr B in at least the same position he should have been in, and they did not utilise any of the 2023/2024 ISA allowance for him, despite him originally being told this, then I'm not persuaded that £100 is proportionate for what happened here.

But I am persuaded that Mr B is due compensation for what happened, as he has been inconvenienced by what happened and he would have been distressed by being told they couldn't backdate the payment, even though he had made the payment in the 2022/2023 tax year (although Charter were actually able to do this). So I am persuaded that £30 is in line with our awards for what happened here, and it is fair.

Charter told Mr B in the final response letter that they had offered a goodwill payment of £30 which they said they enclosed with their letter. But I'm conscious that if this was in the form of a cheque, and if Mr B has not deposited this, then this cheque may have expired. So if Mr B hasn't deposited a cheque (or hasn't received the £30 offer of compensation), I'm satisfied that it would be fair for Charter to cancel the original cheque and reissue him another cheque for £30 (or if they have the facility to make a payment direct to an account of Mr B's choosing, then they could make a direct payment). But I don't require Charter to do anything further.

### **My final decision**

Charter Court Financial Services Limited trading as Charter Savings Bank has already made an offer to pay £30 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Charter Court Financial Services Limited trading as Charter Savings Bank should pay Mr B £30 (but only if Mr B hasn't already deposited any cheque they've sent him, or he hasn't received £30 direct into an account already). In the event he hasn't deposited any cheque they have sent him, Charter Court Financial Services Limited trading as Charter Savings Bank may want to cancel the original cheque and reissue another

cheque for £30 – or make a payment direct to an account of Mr B's choosing if they are able to facilitate this. But I won't be requiring them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 February 2024.

Gregory Sloanes  
**Ombudsman**