

The complaint

Mr L complains Bank of Scotland plc trading as Halifax (Halifax) delayed transferring his Individual Savings Account (ISA) to his new provider. He believes he's lost out as a result and would like appropriate compensation for what happened.

While Mr L brings the complaint with the assistance of his wife, for ease of read I will mostly refer to Mr L in this decision as this is his complaint.

What happened

Mr L wanted to transfer his ISA from Halifax to a new provider, B. The paperwork was completed in early March 2023, which Halifax received on 22 March.

Mr L contacted Halifax in April when he noticed his instruction hadn't gone through. He visited his branch a number of times to understand the hold-up and what he needed to do. Eventually, he escalated the matter as a complaint when there was no progress.

Halifax investigated and issued a final response. It explained there was a block on Mr L's account as a preventive measure as information had been taken from his home, following a break-in. There was also a delay due to a mismatch in some of the details on the form, compared to the details held on its system. It said the blocks had been removed, the ISA closed, and a cheque forwarded to B for the new ISA. The latter happening on 2 June.

It accepted some of its service hadn't been good enough; Mr L and the branch weren't able to speak with the correct fraud team to resolve the issues. To recognise the distress and inconvenience caused, it apologised, offered £150 and agreed to cover the interest Mr L had lost in not having his new ISA up and running in time. Halifax later calculated the loss of interest to be £176.22. But Mr L rejected this payment and the £150.

Mr L asked us to look into his complaint. He felt £150 was woefully low. He explained that he had health issues and the stress of this matter had exacerbated them. He also believed he'd actually lost £800 worth of interest.

One of our investigators issued her opinion on the case after investigating it. She agreed Halifax was responsible for some of the delays but felt that the overall offer of compensation was fair in the circumstances. She went on to explain that Halifax's calculation of lost interest (over the period of the delay) was based on Mr L getting a rate of 3.6% on his new ISA, but the letters she'd reviewed from B to him showed the actual rate he was due on the ISA in March was 3.2%. So, there wasn't any basis to require Halifax to pay more.

Mr L disagreed. So, his complaint has been passed to me for review.

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.

I reviewed Halifax's contact notes and these show that there was a problem with initially

instigating the ISA transfer. But the intention behind this was reasonable. There was a block on the account, which meant Mr L's instruction couldn't be completed until Halifax spoke with him to verify it was an instruction from him. There also appears to have been a problem with some of the details. So, I think there was always going to be some minor inconvenience involved in addressing those issues, which stem from perfectly legitimate reasons – where I'd expect a bank to tread with caution.

The problem here arose when neither the branch or Mr L could speak to the correct fraud team and once the blocks were removed the ISA transfer wasn't progressed. But Halifax has accepted all of this. So, I don't intend to comment on this further. Instead, the key question is whether what Halifax has offered to resolve the complaint is fair and reasonable in the circumstances. My conclusion is that it is.

On the interest, I haven't seen any persuasive documentary evidence that Mr L has lost £800 worth of interest. I have read the letter from B to him from March, which preceded his application. This doesn't reference a rate of interest of 4% to him but states 3.2%. Based on this, I wouldn't expect Halifax to use 4% in its calculations. It should be worked out using the rate of 3.2% but as the investigator explained, it has calculated it on a slightly higher rate of 3.6%. The 3.6% may be the rate that Mr L later got with B. But either way the calculation on the loss of interest is fair and reasonable.*

*The loss of interest has been calculated properly in that it would be the difference between the rate Mr L should have got and the rate he was getting while his money was still with Halifax.

I now turn to the issue of whether £150 reflects the distress and inconvenience caused. On this, as I said above, Mr L was always going to experience a level of inconvenience in sorting this issue out due to the block and personal details requiring attention. But it's the additional inconvenience that could have been avoided if Halifax had provided better customer service and sent the ISA funds once these issues had been resolved. I appreciate Mr L has health issues and faces other difficulties. But accepting these, I think Halifax's offer is fair compensation for the distress and inconvenience caused, when also considering it has apologised and refunded interest.

My final decision

Bank of Scotland plc trading as Halifax has already made an offer to pay in total £326.22 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that I should pay Mr L £326.22 (if it hasn't already done so).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 December 2023.

Sarita Taylor
Ombudsman