

The complaint

Mr P has complained that Barclays Bank UK PLC (“Barclays”) failed to open a Flexible ISA due to markers that had been incorrectly added to his file.

Mr P wanted to know what the markers said and who put them on his file.

Mr P also says he lost out on interest and experienced a fair amount of distress and inconvenience in having to keep calling Barclays to resolve matters.

What happened

Mr P applied for an ISA over the phone on 20 October 2022. As Mr P had not heard back from Barclays, he called up on 10 November 2022 to find out what had happened to his application. Barclays informed Mr P that his ISA had not been opened due to a marker that had been added to his file.

Mr P submitted a complaint and Barclays responded on 29 November 2022. It acknowledged that a marker had been added to his file in error, confirmed it had been removed and said that Mr P could reapply for an ISA.

Mr P applied again for an ISA on 22 December 2022, but he couldn’t because there was still a marker on his file.

Barclays issued another final response letter on 17 January 2023 saying that it had updated the marker system so that Mr P could apply for an ISA again. It provided the telephone number so that Mr P could do that. It also arranged to pay £50 into Mr P’s account to apologise for the poor customer service he had received.

Mr P applied for another ISA on 30 January 2023 but yet again his application was declined. Because of this, Mr P referred his complaint to this service.

After Mr P referred his complaint to this service, Barclays said it had investigated matters further and said that a ‘reduced ID&V’ marker was placed on Mr P’s file. In summary, this meant that Barclays needed Mr P to provide further identification verification documents in branch. It also agreed to pay a further £50, to bring the total amount of compensation to £100 for the distress and inconvenience that Mr P experienced.

During our investigation, it came to light that Barclays had written to Mr P to say that it would close his current account due to inactivity. Mr P responded and said he was happy for the account to be closed and he attempted to transfer the balance of his account into his ISA. However, due to a lack of subscriptions being made to his existing ISA, this meant that Mr P would need to submit an ISA declaration before he could pay any money into his ISA. This resulted in Barclays sending Mr P a cheque for the balance of the current account, plus a small amount of interest.

The investigator issued an assessment of the complaint. They concluded that:

- Barclays were entitled to apply a marker to Mr P’s account. But Barclays had failed to make it clear what someone in Mr P’s situation had to do to get the marker removed.

- Barclays had told our service what its process is to open a *current account* for someone in Mr P's circumstances. The investigator said that in the absence of a set process for savings accounts, it was reasonable that Barclays should follow the same process it follows for current accounts.
- Barclays had not made an error when the balance of the current account could not be transferred into the ISA, without Mr P first needing to complete an ISA declaration.
- Although Barclays had acted correctly to close the current account, they thought that Barclays should've only done this after the issue with the ISA had been resolved.

To put matters right, the investigator recommended that Barclays:

- Reinstate Mr P's current account, so that he has an account he can pay the cheque into;
- Clearly explain what Mr P needs to do to remove the 'ID&V markers';
- Assist Mr P in opening an ISA. And in the absence of a set process, it should follow the same process it follows for opening current accounts for people in Mr P's situation.
- In addition to the £50 already paid to Mr P, they didn't think the additional £50 offered by Barclays went far enough. So they said that Barclays should instead pay a further £250 compensation (bringing the total to £300), to better reflect the distress and inconvenience this matter has caused him.

Following the investigator's assessment, both parties accepted the investigator's findings.

To put matters right, Barclays reopened Mr P's current account and paid £250 compensation into it. Barclays also arranged for the proceeds of the cheque (£200.05) to be paid back into Mr P's current account. Barclays also acknowledged that it should've had an established approach to remove an 'ID&V' marker for customers in Mr P's position and said it would update its internal processes, so as to avoid this becoming an issue again.

Barclays then sent ISA application documents to Mr P. However, as Mr P had not heard back from Barclays about setting up a new ISA for him, Mr P asked for the complaint to be referred to an ombudsman.

Further efforts were made to open a new ISA for Mr P. But due to the delay in Barclays obtaining all of the necessary information from Mr P, it explained that the ISA product Mr P had applied for was no longer available, when Barclays went to process the application.

To rectify this issue, Barclays opened a different ISA product which was available at the time i.e. an 18 month ISA that incurred a lower rate of interest (5.15%). But to ensure Mr P did not lose out, it agreed to honour the term (24 months) and interest rate (5.45%) that was available on the ISA product that Mr P had applied for. It says it has done this by adding a note to the file and will add the extra interest owed, when the ISA matures.

However, when it did this, Barclays closed Mr P's existing ISA account. Mr P was again unhappy with this as he'd asked to only transfer a portion of the balance over – not the whole balance - so as to keep his existing ISA open. Mr P confirmed with the investigator that he didn't want the existing ISA to be reopened for now and that he'd submitted a separate complaint about that (as well as other matters) to Barclays.

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 reviewed everything, I think that what Barclays has done to put matters right and what it has agreed to do when the ISA matures, is fair and reasonable in the circumstances.

I can see that Mr P was applying to open an ISA and Barclays incorrectly led Mr P to think that it would be opened, when it was in fact wasn't. The reason why the ISA couldn't be opened was due to a marker that had been applied to Mr P's file.

Overall, I can't say that Barclays was being unreasonable by applying the marker to Mr P's account. But, I think that Barclays should've made it clearer to Mr P from the outset that the marker was on his file and more importantly, what Mr P needed to do to get the marker removed. From what I can see Barclays said that it would look into getting the marker removed, but then failed to do so - more than once. And when Barclays was unable to remove the marker, it then failed to tell Mr P what further information he needed to provide to get it removed.

After Mr P referred his complaint to this service, Barclays looked into the issue concerning the marker. It acknowledged that there was a gap in its processes to get such a marker removed for customers in Mr P's position. However, to rectify the issues that Mr P faced, Barclays arranged for an ISA to be opened for him, as he'd previously attempted to do. Barclays has explained that when it did this, it obtained the necessary information from Mr P to remove the marker from Mr M's file.

I can see that there was a fair amount of toing and froing about this matter, and it took some time for the new ISA to be set up. It's also the case that when Mr P completed an ISA form and sent this back to Barclays, due to the delays, the ISA product he'd applied for was no longer available. However, following the Investigator's assessment on the complaint, Barclays did arrange for an ISA to be opened, as Mr P had originally attempted to do. This means that the ISA product that Mr P now has earns an annual interest rate of 5.15%, instead of 5.45% on the previous product. It also means that the term of the ISA is for 18 months, instead of 24 months on the previous product.

However, Barclays has agreed that, when the ISA product is due to mature, it will adjust the amount of interest paid into the account, so that it reflects the interest rate and the term of the previous ISA product.

To do this, I understand that Barclays will firstly work out how much extra interest Mr P would've earned had the annual interest rate been 5.45% instead of 5.15% and pay the difference to Mr P. And then to reflect the longer term of the ISA he'd applied for, I understand Barclays will then calculate how much interest Mr P would earn on the balance of the ISA when it matures – again at an annual rate of 5.45% for a period of six months - and pay that to Mr P as well.

Given that this includes interest for an extra 6 months than the term of the ISA that Mr P ended up with, I think this is fair. I say this especially because it fairly reflects the delay, and missed interest, that Mr P has experienced in trying to get matters resolved.

During the time that Mr P was trying to open an ISA, I understand that Barclays wrote to him regarding the closure of his current account. Although Mr P initially agreed to this, this unfortunately left Mr P in the situation that he didn't have a current account. Nevertheless, Barclays recognised this left Mr P in a difficult situation and agreed to reopen his current account. In my view what Barclays did to put matters right was reasonable.

In addition to opening the ISA, I also think that the Investigator's recommendation that Barclays pay Mr P an extra £250 compensation was fair. I understand that Barclays has since paid this into Mr P's account. This brings the total amount of compensation paid to

Mr P to £300. Which given the inconvenience that Mr P experienced, especially in having to keep contacting Barclays to get matters resolved, I think is a fair and reasonable award in the circumstances.

I recognise that there have, more recently, been issues concerning Mr P's previous ISA being closed, when he didn't want this to be. Mr P has confirmed that he's raised a separate complaint with Barclays about that matter. As such, I won't address that issue here.

Putting things right

So in summary, things clearly didn't go as they should've in this case. But I think that Barclays has taken reasonable steps since then to put matters right for Mr P. It has done this by:

- Opening an ISA for Mr P, as he'd initially instructed it to do;
- Reopening Mr P's current account; and
- Paying Mr P a total of £300 compensation for the distress and inconvenience he has incurred.

I also think that what Barclays has proposed to do, to honour the existing term and interest rate on the ISA product that Mr P missed out on, is reasonable.

To do this, Barclays will need to adjust the balance of Mr P's ISA when it matures, so that it puts him in the position as though his ISA was operating for a term of 24 months (instead of 18 months) and earning interest at an annual rate of 5.45% instead of 5.15%.

My final decision

So, for the reasons given above, I uphold this complaint and require Barclays Bank UK PLC to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 February 2024.

Thomas White
Ombudsman