

## **The complaint**

Mr W is unhappy with the service he received from Leeds Building Society ("LBS") surrounding an ISA transfer.

## **What happened**

Mr W held approximately £85,396 in a cash ISA. On 26 April 2023, Mr W opened a new fixed rate ISA with LBS and requested a partial transfer of £82,000 into that new ISA from the existing cash ISA which he held with another bank. This would have left approximately £3,396 in the existing ISA he held with the other bank.

LBS mistakenly requested a full ISA transfer from the other bank (£85,396 rather than £82,000) and wrote to Mr W confirming this. Mr W contacted LBS and advised them of their mistake. LBS liaised with the other bank and sent a cheque for the full transferred amount to the other bank to return Mr W's money to it. And the money was received by the other bank on 26 May 2023.

With Mr W's money having been returned to the other bank, Mr W invested £82,000 of his ISA balance into another ISA with the other bank. But he was unhappy with the service he'd received from LBS, or with the fact that his money hadn't been earning interest between 28 April 2023 and 26 May 2023 because of LBS's mistake. So, he raised a complaint with LBS.

LBS responded to Mr W and offered to reimburse him for lost interest and offered to pay £75 compensation to Mr W for the trouble and upset he'd incurred. Mr W wasn't satisfied with LBS's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They noted that if LBS had transferred the £82,000 as Mr W requested that Mr W would have earned 4.10% interest on that amount during the time that this issue was being resolved. And our investigator also noted that the terms of the ISA in which £3,396 of Mr W's money should have been left meant Mr W should have earned 1.74% on that amount. Accordingly, our investigator said that LBS should reimburse lost interest to Mr W on those bases.

Additionally, our investigator didn't feel that the £75 compensation offered by LBS took sufficient account of the inconvenience and frustration Mr W had incurred, and so they recommended that LBS should increase that compensation amount to £150. Mr W remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

## **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.

LBS have accepted that they made a mistake when they requested a full ISA transfer rather than the partial ISA transfer that Mr W wanted. And they've accepted that Mr W didn't earn interest on his ISA balance for a period of time as a result.

I therefore feel that a fair outcome to this complaint is that LBS should make a payment to Mr W in reimbursement of the interest that he didn't receive on his ISA balance during the period in question – 28 April 2023 to 26 May 2023 – with the latter date being chosen because it was the date Mr W's money was received back by the other bank, and so was when Mr W had the opportunity to reinvest it.

The question that therefore needs to be answered is what amounts of interest would Mr W have received, had LBS completed a partial ISA transfer of £82,000, rather than a full ISA transfer as actually took place.

The answer to this question as follows:

- On the £82,000 partial transfer amount, Mr W would have received interest of 4.10%.
- On the £3,396.33 that would have remained in his original ISA, Mr W would have received interest of 1.74%.

Accordingly, my final decision is that LBS should calculate a loss of interest for Mr W as per the above for the period in question and should pay that combined amount to Mr W.

Mr W has suggested to LBS should pay 4.10% interest on the full £85,396 – i.e. that LBS should pay 4.10% interest on the £3,396 as well as the £82,000.

I don't agree with Mr W in this regard, and I note that this is the interest Mr W would have received had he allowed the full ISA transfer to LBS to have remained in place. But Mr W didn't want a full ISA transfer to LBS and complained to LBS about it. And so, I feel it's fair that Mr W should receive a reimbursement as per the interest he should have received had LBS not made the error about which he complained. And I'm satisfied that this is as per the two bullet points listed above.

While I'm satisfied that the loss-of-interest reimbursement described above correctly returns Mr W to the financial position he should be in regarding his ISA balance, I also feel Mr W should fairly be compensated by LBS for the trouble and upset that he's incurred here.

Matters of compensation can be subjective, with an amount considered to be fair and reasonable by one person potentially not being considered as such by someone else. But on consideration, while I acknowledge that Mr W feels a much larger amount of compensation should be warranted here, I feel the £150 as recommended by our investigator is a fair compensation amount in this instance.

In arriving at this position, I've taken into account the trouble and upset that Mr W has clearly incurred here, as he's explained and described it to this service. I've also considered the general framework which this service uses when assessing compensation amounts – details of which are on this services website. And having taken these factors into account, I feel that £150 is a fair compensation amount.

All of which means that while I will be upholding this complaint in Mr W's favour, I'll be doing so on the same basis as previously recommended by our investigator. I realise this won't be the outcome Mr W was wanting. But I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

### **Putting things right**

LBS must make loss-of-interest reimbursement payments for the period 28 April 2023 to 26 May 2023 to Mr W as follows:

- On the £82,000 partial transfer amount, at 4.10% - the rate the £82,000 would have benefited from in the LBS ISA.
- On the £3,396.33, at 1.74% - the rate the £3,396.33 would have benefited from, had it remained in Mr W's original ISA.

LBS must also make a further payment of £150 to Mr W in compensation for the trouble and upset that he's incurred.

### **My final decision**

My final decision is that I uphold this complaint against Leeds Building Society on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 February 2024.

Paul Cooper  
**Ombudsman**