



The complaint

Mr B complains that Bank of Scotland plc trading as Halifax misadvised him concerning the transfer of funds from his ISA.

What happened

In August 2023 Mr B went into a branch of Halifax to request that the funds from his instant ISA saver be transferred into a fixed rate ISA. The transfer was duly carried out but a couple of days later Mr B changed his mind and needed access to his funds. So he went back into a different branch and asked for the funds to be transferred back to his original ISA. The cashier and a manager at the branch advised Mr B that only £40,000 could be transferred back to the original ISA. The balance, of around £19,400 was transferred into an ordinary account.

As the transfer back to the instant ISA wasn't carried out in full, Mr B lost his tax allowance for that year in respect of the balance not transferred to the ISA. He complained to Halifax, who responded that it had not made an error, but was prepared to pay him £75 compensation.

On referral to the Financial Ombudsman Service, Halifax admitted that it had made an error, and that the entire balance should have been transferred back to Mr B's original ISA meaning he would have retained his tax allowance. Normally, because it was its error, it would have carried out the full transfer and backdated it, and Mr B would not have lost out. However Mr B had now transferred all his money to an account with another business. It proposed to increase the compensation to £300, and to carry out a 5 year interest calculation on the £19,400 lost allowance (based on the best instant access rate and Instant ISA Saver rate and compounded over 5 years).

Mr B did not accept this and queried why he had lost his tax allowance on the balance of his funds. He felt that he had been misadvised by several people in the branch and that Halifax should be made accountable for this. He also advised that he was being required to speak about the matter in a public space within the branch which he found to be embarrassing. As regards the payment of interest, he felt that this should be at the fixed saver rate rather than the instant saver rate, as he could have changed his mind about this at any time. He also complained about the customer service that he received, including the fact that he was left to wait for details of his investigation, and then not given proper advice by the complaints handler.

Our Investigator advised that she had considered the offer made by Halifax and Mr B's complaints and that she had taken his additional points into consideration. But she thought that Halifax's offer was reasonable.

Mr B did not agree and the matter has been passed to me for an Ombudsman's consideration.

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 should advise Mr B that my function is to consider his individual complaint and how it affected him. Any issues about how Halifax deals with its customers overall are a matter for the regulator, so I won't be looking at those here. Having said that I hope that Halifax has taken on board the incorrect advice that Mr B was given here and fed that back to its staff at the branches.

Mr B was requesting that the funds that he had asked to be put in a fixed rate ISA some two days previously, be transferred back to an instant ISA. As the terms and conditions of the ISA gave him a 14 day cooling off period, he clearly shouldn't have been told that he couldn't transfer all his funds back to the original ISA. And he shouldn't have lost out on any of his tax allowance.

Having said that, I do think that Halifax's offer, made after Mr B made his complaint to this service, was appropriate. When a business has made an error, our approach is that it should, as far as possible, put the customer back in the position that they would have been in if that error had not been made. I accept that in Mr B's case it's not possible to do that, because he is no longer investing his monies with Halifax. But I think that the offer to pay interest over five years at the instant saver rate compounded, is a fair offer. I understand Mr B's point that he could have decided move the funds back to a fixed rate saver at any time, but, in the interests of as far as possible putting him back to his original position, calculating interest at the instant saver rate is in my view fair and reasonable. Because that is where his money should have been when the error occurred – where Mr B had asked for it to be placed. I see that Mr B has invested his funds elsewhere and he is of course free to move those funds to a fixed rate account at any time.

As regards the offer to pay compensation for distress and inconvenience, I think the £300 offered is fair. This takes into account the failure to give Mr B proper advice in the branch. And I've taken into consideration that he had to discuss this matter in a public place. I take Mr B's point also that he was apparently misadvised by several people including Halifax's complaints handler. And that it shouldn't have taken Mr B having to make a complaint to the Financial Ombudsman Service for Halifax to respond appropriately.

Putting things right

Halifax should pay Mr B compensation of £300.

It should also carry out a 5 year interest calculation on the £19,433.33 lost allowance (best instant access rate and instant ISA Saver rate and compounded over 5 years), and pay that to Mr B.

My final decision

Halifax has already made an offer to pay £300 and to pay interest as set out above under "Putting things right" to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Bank of Scotland plc trading as Halifax should pay the amount set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 13 March 2024.

Ray Lawley
Ombudsman