

The complaint

Mrs P is unhappy with the time it took Barclays Bank UK PLC to complete the transfer of her Additional Permitted ISA Subscriptions.

What happened

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- Additional Permitted Subscriptions (APS) are made available to a surviving spouse of any individual who held tax-free Individual Savings Accounts (ISAs) when they died. In effect, the APS allows the surviving spouse to make extra contributions to their own ISA, in addition to their own annual ISA subscription limits. The APS allowance can be transferred between ISA providers.
- Mrs P's husband died in late-2020 and his estate was settled within a year or so with the money from his ISA passing to Mrs P. In March 2022, Mrs P completed, and submitted to Barclays, various forms instructing it to open a new ISA for her and request the transfer of her APS allowances from four other ISA providers. Barclays made many mistakes in administering Mrs P's instructions and it was not until this service intervened that all of the APS transfers were completed. Also, because of the rules that apply to APS utilisation and due to the time taken to complete the transfers, Barclays had to apply to HMRC for permission to utilise the APS. In total it took over two years to complete Mrs P's requests.
- I have already explained, informally, to both parties what mistakes were made and how this has impacted Mrs P. I recommended that Barclays should undertake a number of activities and pay compensation to Mrs P to recognise the interest she may have lost due to the bank's delays along with a further £600 to recognise the distress and inconvenience she has been caused.
- Barclays accepted my recommendation and has now completed all of the activities I set out.
- Mrs P was happy that I had helped resolve the underlying issue with the APS transfers. But she didn't think the awards I recommended were sufficient.

At times Mrs P has been represented by her daughter but, for ease, I will refer to all comments and correspondence as having come from Mrs P direct.

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.

There's no longer any dispute that Barclays made a catalogue of errors, and failed to provide Mrs P with adequate support, with regards to the opening of her ISA and transfer of her APS. Given this, and my earlier correspondence with the parties, I won't repeat everything

I've said before. Instead this decision will focus on what I think Barclays needs to do now to put things right.

Mrs P's financial losses

According to the information Barclays has most recently provided, Mrs P's APS allowance ultimately amounted to £78,663.72 – a slight increase on the amount previously quoted – and she utilised this allowance in full via various transfers made into her ISA account by 8 April 2024.

I previously recommended that Barclays should pay to Mrs P a sum equivalent to 2.5% interest on the APS allowance from 28 October 2022 until the date of settlement. I explained I'd taken a pragmatic approach when making that recommendation given there were a number of variables and uncertainties at play. Since then both Barclays and Mrs P have provided some additional information which I've considered carefully. I note in particular that:

- One of the four APS allowance transfers completed in October 2022, without the need for this service's intervention. I think the other three transfers could also have been completed and utilized on this date if the bank had not made all the mistakes it did and had properly chased the other ISA providers in a timely manner. Mrs P thinks all four transfers could have been completed within 15 days of the forms being logged in March 2022 if Barclays had chased the other providers in good time. But I've been in contact with the other providers in order to better understand why Barclays' initial request wasn't acted on and I note that most of the earlier requests were not received, or the other providers asked for additional information. In the circumstances, I think it's more likely than not all four transfers would have taken longer than 15 days even if Barclays had been more proactive. I can't be sufficiently sure when the transfers would otherwise have completed and I think 28 October 2022 is a reasonable calculation date to use taking this, and the below considerations, into account.
- Barclays has now provided evidence which shows that, on each occasion after telling her an APS transfer allowance had been received, Mrs P promptly instructed it to move money into her instant access ISA account from the instant access savings account she also held with Barclays. In October 2022 this account had a balance of over £150,000 – more than enough to cover the £78,663.72 APS allowance. So I think it's likely she would have taken the same prompt action if the transfers had been completed sooner. I also note the instant access savings account was earning interest of 0.25% on balances up to £100,000 and 0.35% on balances over £100,000 in October 2022. But the interest rates have increased since then.
- Towards the end of April 2024 Mrs P moved some of the money held under the APS allowance to another ISA provider. She's also provided details of the various savings and investments she holds with other providers as well as with Barclays. And I'm satisfied the evidence supports her assertion that she "shops around" in order to take advantage of preferential interest rates. So I think it's unlikely that after utilising the APS allowance, Mrs P would have left all of her money in the instant access ISA which was paying an interest rate of 0.65% in October 2022. I have no doubt she would have kept the money within an ISA (either within cash or moving some/all to stocks and shares) in order to benefit from the tax-exemptions it provides as this was the whole reason she wanted to make use of the APS. But I still can't reasonably say where exactly Mrs P would have moved her money after making use of the APS on 28 October 2022.
- Interest rates have increased significantly over the time period that this complaint concerns. And, in March 2024, Mrs P told us she's now earning in excess of 5% on most

of her other cash savings which seem to be held in various fixed rate and notice accounts. But I must base any award I make on the rates that Mrs P would likely have been able to realise back in 2022. With this in mind, Barclays' website indicates it was offering a 2-year premier flexible cash ISA paying 3.5% in October 2022. And I note that is a higher interest rate than Mrs P would have been able to get from Barclays (and, possibly, from other providers) earlier in 2022 – for example, the 2-year premier ISA being offered between February and May 2022 offered only 0.55%.

- Mrs P has told us she's a basic rate taxpayer and I've seen nothing which suggests she wasn't eligible to earn up to £1,000 of tax-free interest. Mrs P hasn't said she's had to pay any tax on the interest she's earned on the money that should have been protected by the APS but for the bank's errors and delays.

In light of the above and having considered everything that Mrs P has said I think an award of 2.5% per year compound interest on the entire £78,663.72 balance calculated from 28 October 2022 to the date settlement is made will provide fair and reasonable redress.

Mrs P's non-financial losses

Barclays had already paid £150 compensation to Mrs P by the time the complaint came to us in February 2023. And I previously recommended an additional £600 compensation.

Mrs P didn't think this was enough given the distress and inconvenience she was caused which included repeated visits to the branch to re-complete forms, chasing the bank in person and via phone and having to refer the matter to this service given the bank's failure to help. She's also explained more recently how she feels this ongoing situation may have contributed to her declining health, which resulted in her having to undergo an organ transplant earlier this year.

I've considered very carefully what Mrs P has told us and I entirely agree that the bank caused her to suffer an unnecessary amount of distress and inconvenience over a prolonged period of time. But I'm also conscious that Mrs P's money wasn't in any way at risk and it doesn't seem to me that the underlying issues will have caused serious disruption to her daily life.

In all the circumstances, and despite what Mrs P has said, I still consider a further £600 compensation – taking the total award to £750 – to be fair and reasonable given everything that has happened since she first instigated the APS transfer in March 2022.

My final decision

My final decision is that Barclays Bank UK PLC should pay to Mrs P:

- A sum equivalent to 2.5% per year compound interest on £78,663.72, calculated from 28 October 2022 until the date of settlement and;
- £600 compensation.

Barclays Bank UK PLC must pay the compensation within 28 days of the date on which we tell it that Mrs P accepts my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 26 June 2024.

Ruth Hersey
Ombudsman