

The complaint

Miss B complains Newcastle Building Society's account opening process is unclear.

What happened

Miss B held an Individual Savings Account (ISA) with Newcastle but saw better rates online. Miss B called Newcastle and was told she'd need to open the account online and transfer the money, but could call back if she needed help transferring.

Miss B opened an account online and transferred the money.

A little over a year later Miss B complained to Newcastle, the account she'd opened was a bond, not an ISA. Miss B said the paperwork she'd received when opening the account wasn't clear and the two accounts had the same issue number.

Miss B said she'd lost her ISA subscription, her interest was no longer tax free, and this wouldn't have happened had it been clear she'd opened a bond and not an ISA.

Newcastle responded to say the bond had been opened online by Miss B, and the transfer had been completed online too. Newcastle couldn't find a record of a call during the account opening process or the transfer, only the call before Miss B opened the account.

Newcastle acknowledged the bond had been opened and funded in error, but it couldn't pay the money back into the ISA as it hadn't made a mistake. Newcastle sent a second response but didn't change its position, it didn't think it had done anything wrong.

Miss B brought her complaint to this service and an investigator looked into things but didn't think Miss B's complaint should be upheld. The investigator thought Newcastle's website was clear and divided into specific categories, easy access, notice, bonds and ISAs.

The investigator also said Miss B had to accept the terms, which were for a bond. The investigator accepted the letters and messages Miss B received didn't say the account was a bond, but felt Miss B had enough information at the point of application.

Miss B disagreed with this outcome, and said Newcastle had withheld information from her in emails and letters. Miss B said she's made a genuine mistake, and didn't get a better rate but lost her ISA allowance and wouldn't have knowingly done this.

Miss B asked for an ombudsman to decide things.

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've thought very carefully about the letters Miss B received and whether she knew she'd

opened an ISA or a bond.

I've also thought about the point Miss B realised she'd opened the wrong account, and that things are always clearer in hindsight.

The letters Miss B received appear to be mostly generic letters, telling Miss B her account had been opened. In most of the letters and messages Miss B received there's no mention of the type of account.

Miss B received one letter, confirming her account was open, and the account was listed as a 'NCL two year fixed rate 78'. The fixed rate issue number was the same for the bond and the ISA, so the letter could have been for either type of account.

Miss B says the letter doesn't say bond, but also accepts it doesn't say ISA either. I don't think there was anything on the letter that, read at the time, would have led Miss B to think she'd opened a bond.

But, more importantly, there was nothing on the letter to suggest she'd opened an ISA, or hadn't opened an ISA.

Looking now it's easy to say a letter stating the new account was a bond would have been clearer, but I don't think the absence of the account type means Newcastle's done something wrong.

There's no dispute Miss B didn't intend to open a bond, but she did. Miss B opened the account online and chose the account type herself.

Newcastle has sent in a copy of the screens Miss B would have seen when opening a new savings account, and I think these are very clear. The savings accounts available are split by type, easy access accounts, a notice account, fixed rate bonds and then cash ISAs.

I'm persuaded Miss B clicked on the fixed rate bond when she applied for her account. As part of the account opening, I'm also persuaded Miss B would have clicked to say she'd read the terms and conditions.

Miss B says she might have downloaded the terms for the ISA account on a previous visit to the site, but I don't think this changes things. Miss B had an opportunity to review the type of account she was opening, and either didn't or didn't see it was a bond.

And I don't think the subsequent letters or messages changes the fact Miss B selected the wrong account and then didn't review the terms before opening the account.

Newcastle has no record of a call around the time Miss B transferred money from her ISA to her bond, so I don't think Newcastle had the opportunity to intervene in the transfer.

Newcastle's said Miss B could have transferred the money into her ISA had she noticed the error in the same tax year. And Newcastle's said it can only transfer back into the ISA now if it's made an error.

I realise Miss B never wanted to lose her ISA allowance, by transferring from her ISA to another type of savings account, but I have to decide if Newcastle has made an error.

Having carefully considered what happened, I don't think Newcastle made an error here. Because of this, I can't ask Newcastle to do anything more to resolve things for Miss B.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 26 March 2024.

Chris Russ
Ombudsman