

The complaint

Mrs H complains Charter Court Financial Services Limited trading as Charter Savings Bank transferred her cash Individual Savings Account (ISA) funds to her nominated account, which was not ISA wrapped.

What happened

Mrs H had a cash ISA with Charter. As Charter released a new ISA with a higher interest rate than the ISA she held with them, she opened the new ISA with them. Mrs H says she then asked Charter to transfer the funds from the earlier held ISA to the new ISA, but they transferred the funds to her nominated account, resulting in her losing her tax wrapper. Mrs H made a complaint to Charter.

Charter did not uphold Mrs H's complaint. They said when Mrs H was on the make a transaction screen, she entered the full balance of her account, and the destination of her funds was shown as her nominated bank account. Charter said the account details are shown on three different pages, which Mrs H must click through before she gets to the final page, where the details are displayed, and they ask that she checks all details are correct before clicking to confirm the transaction. Charter sent Mrs H an audit log showing she made the transaction to her nominated account. They said their advisers do not have the ability to action transactions, and this can only be done by the account holder themselves, and based on the terms of the account, they were unable to add the funds back into an ISA for her.

Mrs H brought her complaint to our service. Our investigator did not uphold Mrs H's complaint. He said he had reviewed the transactions on the account, and he was able to see that the transfer in question to Mrs H's external bank was initiated and processed through the online banking platform by Mrs H. He said that after he reviewed the system notes and screenshots provided by Charter, he was satisfied that Mrs H was provided with the opportunity to select the destination account and as the transaction was completed by Mrs H without Charter intervention, he couldn't hold them responsible.

Mrs H asked for an ombudsman to review her complaint. She made a number of points. In summary, she gave us examples of third party businesses who had glitches in their software which created errors. She said all that Charter are doing is working backwards from the output of their own system to imply what she must have done. Mrs H says they have no independent evidence to support this implication. She says she did not ignore several warnings about losing her ISA allowance.

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.

Mrs H has made a number of points to this service, and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

Mrs H says that she didn't instruct Charter to transfer the funds to her nominated account, effectively losing her ISA wrapper. Charter say that Mrs H must have processed this as their advisers to not have any interaction and they provided warnings that she would lose her ISA wrapper, yet she still proceeded to the transfer.

When it comes to complaints where it's one word against another, I have to consider the evidence available to me. I then have to weigh the evidence against the balance of probabilities, that is, what's more likely to have happened in the circumstances.

On the balance of probabilities, I'm persuaded that Mrs H did process the transaction to her nominated account, even though it was her intention to fund her new ISA, and I'll explain why I'm persuaded on the balance of probabilities this happened.

Mrs H disputes that the audit log in Charter's final response letter doesn't show that she made these actions, rather that this is what Charter is saying she must have done. But I'm not persuaded by this. Charter have confirmed that their advisers have no interaction with transfers, and as a non-advised service that Charter offer, then I'm persuaded on the balance of probabilities, is that Mrs H did take the actions that the audit showed happened on 29 July 2023 at 7:46am.

I say this as I asked Charter for a copy of Mrs H's application for her new ISA. Charter forwarded me the online copy of this. I can see that Mrs H applied for the new ISA also on 29 July 2023 at 7:33am – only 13 minutes before Charter say she initiated the transfer to her nominated account. From Mrs H's application, I can see she entered £83,000 to the new ISA as it shows the application investment amount. But Mrs H would be unable to add this instantly as part of this application.

Charter have sent me the screenshots of what their system says under the "*ISA funding options*" section of the application. Under the question "*How will you fund your new ISA?*" there are three options which Mrs H could select; "*With money not already held in an ISA or with money held in an existing Charter Savings Bank ISA*", "*Transferring existing ISA(s) from another provider*" or "*A combination of above*". Mrs H would have needed to have selected the first option, but this wouldn't allow her to enter the details of her previous ISA as part of the application (hence the need to take action after the application was accepted).

Charter have confirmed to me that when Mrs H made an application for a new ISA account, she would've then had to wait for some time – usually up to 24 hours – before the new account appears on her customer profile as one of her new accounts. Then she would be able to select the new account as a destination account for her funds (to make the transfer from her previous ISA to her new ISA).

So as the time for her new ISA to appear on her online banking would usually take up to 24 hours, on the balance of probabilities, I'm not persuaded that the new ISA she applied for at 7:33am would have been available as an option for her to select at 7:46am. So I can't conclude that Mrs H selected the new ISA to transfer funds into from her existing ISA as opposed to the audit log showing the account selected was her nominated account.

So on the balance of probabilities, I'm persuaded that Mrs H was made aware of the warnings on the closure screens, and she had been made aware the funds couldn't be placed back in a Charter ISA, and I'm persuaded that she did confirm she wanted the funds to be paid to her nominated account. Whilst I don't believe this is what she intended to do, as I'm satisfied that it was clear from her new ISA application that she wanted the funds to go into her new ISA, ultimately, I'm persuaded that she did process the transaction to her nominated account.

As a result of this I can't conclude Charter did anything wrong here, even if Mrs H asked Charter via secure messages and over the phone to recall the funds from the nominated account back to the ISA, as the warnings prior to the closure were clear that they would be unable to do this.

I've listened to the phone call on 4 August 2023 with Charter. Mrs H's husband speaks on her behalf after she completes security with the call handler. But from the call it appears Mrs H's husband is the person who completed the process as he says "*I did it online*" and "*I've been sending you messages to say that's wrong* (the funds being paid to the nominated account) *for the last two or three days*" so it appears that Mrs H's husband admitted on the call that he processed the transaction and not Mrs H.

If Mrs H's husband did do what he said on the call, and it wasn't Mrs H who made the instruction, I can't hold Charter responsible for actions that Mrs H's husband took on her account as the General Savings Conditions show "*don't let anyone else use your Personal Security Details or selected personal information - not even someone you share a joint Account with*". Section 17 and 18 of the conditions set out that Mrs H would be responsible for any transactions in this instance. So I can't conclude that Charter have made an error with the instructions given to them on 29 July 2023. So it follows I don't require Charter to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 27 March 2024.

Gregory Sloanes
Ombudsman