

The complaint

Mr K complains about Barclays Bank UK PLC's handling of his Individual Savings Account (ISA) and the subsequent transfer process. He said Barclays' actions caused him significant inconvenience, and financial loss.

What happened

In May 2022 Mr K opened a two-year fixed rate ISA at 0.55%. When interest rates improved, he decided to end this ISA early and transfer to Barclays new fixed rate ISA.

At a Barclays' branch Mr K said a member of staff told him he could have a fixed rate ISA at 4.1%. He said he was advised to complete the transfer online, but despite following the instructions he found difficulties. A Barclays' agent helped him open the account by phone and he said he was advised of a penalty of around £80 that he accepted, but was actually charged £178.52. And he was surprised that the interest rate had been reduced to 3.4%.

Mr K was frustrated and decided to transfer his ISA to another bank. He said the other bank requested the transfer from Barclays, but told him in April 2023 that Barclays had rejected the transfer, as the 'ISA maturity date is too far in the future.' Mr K thought this unjustified and unreasonable and complained. He said Barclays caused him significant loss of interest, and multiple visits to branches, phone calls, and time off work. He said Barclays engaged in unfair practices, miscommunication, and breached the agreement entered into.

Barclays responded that it had dealt with Mr K's complaint fairly and reasonably. It said there was high demand for its ISA when launched in early 2023 and customers were directed to apply themselves online or via the app to prevent delays. It acknowledged that Mr K had faced problems online, and said when he called to open a one-year ISA on 16 March 2023 he requested to transfer in from his existing two-year ISA opened in May 2022 and was told he would be charged if cancelling this before maturity. Barclays said Mr K told it he hadn't been aware that he could apply by phone for the ISA, and by the time he called the rate had decreased from 4.1% to 3.4%, but he thought that he was getting rate of 3.75%.

Barclays said Mr K was correctly charged the early penalty for closing his existing ISA before maturity. It said the ISA closing statement shows this to be £178.52, which reflects 180 days interest, as specified in the terms and conditions. Barclays said Mr K then requested to transfer his ISA to another bank, however as the account isn't due to mature until March 2024 and he didn't agree to pay the penalty the request was rejected.

Barclays' agent explained there will be a 90-days interest penalty for closure of Mr K's ISA before maturity and this is £178.52, to which Mr K acknowledged and agreed. Barclays also explained to Mr K that he could transfer his new ISA to another bank's product within the first 90 days of account opening and he would receive his capital back with no interest.

Mr K wasn't satisfied with Barclays' response and referred his complaint to our service. Our investigator didn't recommend that it be upheld. She said Barclays hadn't done anything wrong and didn't misadvise Mr K about the ISA opened on 16 March. And Barclays told Mr K that a penalty would be charged before completing the ISA transfer. She said there was no

record of Mr K's call to Barclays when he was unable to open the account and nothing to show any delay in opening the account from Barclays' actions.

Mr K disagreed with the investigator and requested an ombudsman review his complaint. He said her investigation was biased. He said Barclays' staff gave him assurances regarding the ISA transfer. And told him he had 14 days to reconsider his decision, but delayed paperwork prevented him from exercising this right. He said he had made two calls and two branch visits within the 14 days, but at no point was he made aware of any potential penalties. He was unhappy that he wasn't allowed to transfer his ISA and wants that point reinvestigated.

The Barclays' member of staff to whom Mr K referred, wrote that he recalled logging Mr K's issue that he shouldn't have been charged the early closure penalty. He recalled the phone call where Mr K completed the transfer and said Mr K was told about the penalty and agreed to it. He said Mr K mentioned he had spoken to someone previously who suggested that he could apply online to avoid waiting, and subsequently he applied by phone, but the interest rate had changed by that time. Mr K said this account was biased and entirely untrue.

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 looked carefully at Barclays' handling of Mr K's application for a new ISA and its handling of his existing ISA product and communications. I've reviewed Mr K's complaint points to see if Barclays acted within the terms of the ISA product and to see if it has treated Mr K fairly.

Mr K wants to be reimbursed for the difference in the amount of the charges for the early exit from his ISA. And to have the interest rate on the new ISA that was opened on 16 March adjusted to reflect the rate of 3.75%, even if not the 4.1%, and have interest recalculated. Mr K would also like to have the time taken in visiting the branch to rectify this considered for the inconvenience caused. Separately Mr K said this wasn't about compensation, but about respect and treating customers fairly.

Mr K understands that interest rates can change at any time, and I take the main aspect of his complaint to be the delay in setting up his ISA and provision of the relevant paperwork. From Barclays records I can see that the rate of interest for the new ISA that he opened was 3.4%, not what Mr K had expected when he applied for the account. Before this, I can see that Barclays offered a one-year ISA at 4.1% up to 13 March 2023, which then changed to 3.4%, and so it didn't offer a rate of 3.75% that Mr K has mentioned, and I can't see where this rate has come from.

It was unfortunate for Mr K that he wasn't able to complete his ISA application in branch or subsequently online and that he wasn't initially aware that he could do so by phone, and the delay went past the 13 March 2023 rate change. Barclays was sorry that Mr K couldn't be seen at the branch at the time of his first visit. I can understand that Barclays was busy with ISA applications at the time, and it would have been preferable if it could have met Mr K's communication preference, but there were options for him to transfer his ISA in common with other customers and so I can't hold Barclays responsible for Mr K's delayed application.

I've listened to all of the call recordings provided. During Mr K's call to Barclays of 16 March 2023, the adviser told him that he would incur a charge of 180 days interest if he was to transfer his existing two-year ISA before it matured, and he replied, 'I know, still it is better for me'. This charge is in accordance with the information set out within Barclays' terms and conditions of the ISA account. On a second call that day to open the ISA the rules were described to Mr K by the agent including the 90-day interest penalty if it is closed before maturity. The agent said that for the early transfer of Mr K's existing ISA the penalty would

be £178. He offered Mr K the choice of transferring the ISA now and accepting that charge or waiting until the ISA matured.

As well as missing out on the higher-rate ISA, Mr K is also unhappy that Barclays didn't allow his ISA transfer the second time (his new one-year ISA). Barclays said it received a transfer request for Mr K's ISA to another bank in April 2023, however the account doesn't reach maturity until March 2024, and Mr K didn't consent to the early withdrawal penalty, so the transfer was abandoned.

I've seen Barclays records in relation to this transfer request and they support its version of the events and so I don't accept that it refused the transfer as Mr K suggested. If Mr K still wants the transfer, Barclays has said that he needs to request it again with the other bank and tell Barclays not to wait for maturity. Barclays has made Mr K aware of the penalty of 90 days interest that would then apply. In any event, this ISA product will mature in March 2024.

I can see from Barclays' records that Mr K queried the interest rate on his calls in March 2023 and a visit to its branch on 5 April. At Mr K's request, Barclays obtained its member of staff's recollections of what transpired during Mr K's contacts. The member of staff recalled Mr K's unhappiness that he had been charged the early closure penalty. And he recalled the phone call where Mr K completed the transfer and said Mr K was told about the penalty and agreed to it. He said Mr K mentioned he had spoken to someone previously who suggested that he could apply online to avoid waiting, and subsequently he applied by phone, but the interest rate had changed by then.

Barclays' staff member's recollections are consistent with the events and Barclays' records. From what I've seen Mr K was made aware of how to apply for the ISA and the application of early closure penalties. I have heard the terms and conditions of the ISAs read out to Mr K by Barclays' agent and so I think he had the information he needed on which to base a decision about his applications, including within the first 14 days of the life of the product.

I haven't found that Barclays made an error that would have caused Mr K to miss out on the higher interest rate ISA and I haven't found that Barclays breached the terms of the ISA agreement with Mr K. And so, it wouldn't be fair for me to require Barclays to apply a higher interest rate or recalculate the interest to be credited or to pay Mr K compensation.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 February 2024.

Andrew Fraser
Ombudsman