

The complaint

Mr P complains that he lost out on a better rate of interest after Skipton Building Society didn't tell him that his application to transfer in an ISA had been rejected.

What happened

In November 2022, Mr P visited a branch of Skipton to transfer in an existing ISA from a business I will refer to as V.

In early January 2023, V rejected the ISA transfer due to insufficient funds. Skipton emailed Mr P to let him know but he says he did not receive this email.

When Mr P went back to Skipton later in 2023, he was unhappy to find that the transfer had not happened. Mr P said he'd lost out on interest and didn't think it fair that Skipton sent an email rather than a letter in the post to tell him the transfer had not gone through.

Skipton agreed that it should have written to Mr P rather than emailing him as the ISA was a branch based account. For this failing it offered Mr P £100 compensation.

Our investigator upheld Mr P's complaint. She thought that rather than relying on email to communicate the outcome of the transfer application, Skipton should have written to Mr P.

Our investigator noted that Skipton thought Mr P was partly responsible due to his failure to check on the status of his ISA. But she thought that Mr P's ill health contributed to the fact he didn't follow up with Skipton sooner. Our investigator also said that ISAs are dealt with on an annual basis so it was reasonable for Mr P not to have queried the ISA until the year was almost up. Our investigator thought Mr P could have expected Skipton to contact him in a timely and appropriate manner if there were any problems.

Our investigator asked Skipton to pay interest on the amount that Mr P would have invested from the point at which it should have told him that V had rejected the transfer. Our investigator also recommended that Skipton pay Mr P £250 compensation for the upset and inconvenience caused.

Skipton disagrees with the investigation outcome. It says Mr P incorrectly completed the ISA transfer form which is why the transfer was rejected. Skipton says it was unaware of Mr P's ill health so does not think this should be a factor in the investigation outcome.

Skipton says Mr P bears some responsibility to have checked the status of the ISA transfer and questions whether, if he was not in poor health, our investigator would have expected him to follow up sooner than he did.

Skipton points out that it did notify Mr P of the failed transfer by email, so it can't be said that it failed to let him know as our investigator implied in her view.

After our investigator went back to Skipton, it reiterated some of the points it had made. Skipton asked for information about Mr P's health and how it impacted his ability to manage his finances. Skipton also asked how she had arrived at the redress figure.

As Skipton disagrees with the proposed outcome, the complaint has come to me to make a final decision.

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 realise that I have summarised this complaint in less detail than the parties and I have done so using my own words. The rules that govern the Financial Ombudsman allow me to take this approach but it does not mean I have not carefully considered everything that the parties have given to us.

I don't think there's any suggestion that V rejected Mr P's request to transfer in his ISA because of something that Skipton did wrong. But this is not the basis on which Mr P has brought his complaint to us. Instead, Mr P is unhappy that after having been reassured by Skipton that it would handle his transfer request, it sent him an email rather than a letter. This meant Mr P wasn't aware of any problems with the transfer until months later.

The ISA that Mr P applied for states that it may not be right for a customer if they want to operate the account online. So, although Mr P gave his email address on the ISA transfer form, I think it was reasonable for him to assume that Skipton would contact him by post rather than email. Mr P also ticked the marketing preference box to say he did not want to be contacted by email.

Mr P says he did not receive the email informing him about the failed transfer and I have no reason to doubt this. It seems more likely than not that if Mr P had received the email, he would have done something in response.

I can't know exactly what happened to the email but it's possible that it was diverted to Mr P's spam folder. As Mr P was not expecting to receive any emails from Skipton, I can understand why he might not have checked or indeed known to check his spam folder. And there would have been no reason for Mr P to change his email settings to make sure he received Skipton's emails.

Skipton's records indicate that it knew Mr P did not respond to the email. So, even if I thought it was reasonable for Skipton to use email in the first place – which I don't – I think it would have been fair to follow up with another form of contact.

I take Skipton's point that Mr P should have checked on the ISA sooner than he did. I asked our investigator to go back to Mr P on this point. He says that after completing the ISA transfer forms in branch, a member of staff told him to leave everything with them as it was all done. Mr P understandably assumed that no news was good news. Particularly as Mr P opted for Skipton to pay interest annually - as V did - meaning he would not have expected to receive monthly statements.

Where I decide that a business has made a mistake, I look to put the consumer back in the position they would have been had the mistake not happened. I can also award compensation for any upset and inconvenience.

In Mr P's case, I think it likely that if Skipton had written to Mr P rather than relying on email, he would have been aware of the problem with the ISA transfer in early January 2023 instead of later in the year. Despite Mr P's ill health at the time, I think it's fair to assume that he would then have done something to resolve the problem. So, I consider it reasonable to require Skipton to pay Mr P the interest he would have earned on the investment of £85,000

had the transfer gone ahead.

Skipton should calculate lost interest from the date on which it should have notified Mr P about the rejection by letter - 4 January 2023 - to the end of the one year fixed period for the ISA he applied for. Skipton's website says that transfers into a Skipton ISA from another cash ISA usually take up to seven working days. So, it seems fair to calculate the end of the one year fixed ISA with Skipton by reference to the maximum seven working days from the date of Mr P's application to transfer in. Mr P applied to transfer the ISA on 22 November 2022. The ISA should have transferred into Skipton by 30 November 2022 meaning the year would be up on 30 November 2023. So, Skipton should pay lost interest from 4 January 2023 until 30 November 2023.

Mr P's account with V remained open during this time. He earned interest on the £85,000 he intended to transfer at 0.35% gross. So, it seems fair to take account of this and require Skipton to make up the difference between what Mr P actually earned with V and what he would have earned with Skipton.

I consider our investigator's recommendation that Skipton also pay Mr P £250 compensation is reasonable. It falls in the range of award the Financial Ombudsman Service might make where the mistake has caused more inconvenience and upset than someone might expect in their everyday life. Given the worry Mr P experienced when he found out late in the day that the transfer had not gone ahead and the inconvenience to him of trying to put things right, I think £250 compensation is fair. Our approach to awards like this can be found on our website.

Putting things right

To put things right, Skipton should:

- Pay Mr P the interest he would have earned with Skipton on an investment of £85,000 from 4 January 2023 to 30 November 2023, deducting any interest that Mr P earned on the investment for the same period with V;
- Pay Mr P £250

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I require Skipton Building Society to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 April 2024.

Gemma Bowen
Ombudsman