

The complaint

Ms K complains Bank of Scotland plc trading as Halifax transferred too much money to her individual savings account (ISA).

What happened

Ms K completed an ISA transfer to Halifax, and asked it to transfer a specific amount. But Halifax transferred the whole amount from the old ISA provider and this old ISA closed.

Ms K complained to Halifax and it admitted it made a mistake. Halifax said it would pay Ms K 8% interest on the difference it transferred across and £80 to compensate for the error.

Halifax also agreed to transfer the difference back once Ms K opened an ISA with her old provider.

Ms K followed this letter up, as a postcode was incorrect on Halifax's letter. Halifax said it didn't think the incorrect postcode meant her letter went elsewhere. And Halifax said it couldn't open an ISA at the old provider.

Unhappy with this response Ms K brought her complaint to this service. Ms K felt the compensation payment should be at least £1,000.

An investigator looked into things, and Halifax offered to increase the compensation payment to £200 in total. Halifax also said it made a mistake with the 8% interest payment.

Halifax said the payment itself shouldn't have been made, as Ms K was earning interest in her ISA. And when Halifax paid Ms K instead of paying the agreed £124.84 in interest it said it paid £124.20. Halifax says it paid a further £1 to Ms K.

The investigator said they had to consider the £125.20 as compensation, it wasn't fair to pay Ms K 8% interest. Along with the £200 total compensation offered, Halifax was paying Ms K £352.20 to compensate for its error, and the investigator felt this was a fair amount.

Ms K disagreed, and didn't feel the offer compensated for all the time taken to resolve the issue or for the closure of the old ISA account. And Ms K said Halifax had paid her the £124.84 it previously agreed, not the slightly higher amount it said it had.

Ms K 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.

There's no dispute Halifax made an error. Ms K asked for a partial ISA transfer, leaving some money in her old ISA. But Halifax told the old ISA provider to transfer all the money

and close the old ISA.

I think it's fair Halifax compensates Ms K for the inconvenience this caused, so I have to decide what's a fair amount to pay Ms K.

Ms K says she'd had her old ISA for many years and wanted to keep it open. Ms K was also involved in an accident fairly soon after the ISA transfer, and she's been recuperating abroad. This means Ms K's been unable to open an ISA at her old provider.

Once Halifax made the error, I don't think it could reverse it and reopen the ISA at Ms K's old ISA provider. I think Ms K needs to open a new ISA at the old provider, if she wants to, and Halifax has agreed to transfer the difference back fee free.

I realise Ms K isn't in a position to reopen an account with her old provider as she's overseas. But I can't say this is Halifax's fault, it's very unfortunate Ms K was injured shortly after Halifax's error, but I think the offer to transfer back is a fair offer.

Halifax paid Ms K 8% interest on the difference it transferred over. I think this is incorrect, 8% is usually paid when someone is deprived of money. Ms K wasn't deprived of any money, it was in the wrong place, but it was earning interest.

And I've seen Ms K's Halifax statements, she was paid £80, then £124.20 and then a further £1 the next day. I'm satisfied Ms K was paid £205.20 in total as a result of Halifax's final response to her complaint.

Halifax has now offered a further £120, bringing the total payment to £325.20. Like the investigator, I think the 8% should be considered as part of the total compensation offered to Ms K, because the 8% payment wasn't, I think, something Halifax had to pay.

Ms K thinks a compensation payment of at least £1,000 would be fair to compensate for her inconvenience. I don't think this would be a fair amount to pay

Ms K's been caused some inconvenience, Halifax shouldn't have made the error it did.

Ms K's said she repeatedly told Halifax to only transfer some of the money, but it transferred everything. I don't think Halifax purposely made the mistake, I think it was human error and Halifax has offered to put things right.

I think the offer Halifax has made is fair. I think the impact on Ms K has been short lived, but clearly caused some inconvenience. I realise the issue has gone on longer, Ms K doesn't have the ISA with her old provider, and all the money is with Halifax.

But I can't fairly hold Halifax responsible for this delay. Overall, I think a total payment of £325.20 to compensate for the error is fair.

My final decision

My final decision is I uphold this complaint and Bank of Scotland plc trading as Halifax should:

- pay Ms K a further £120
- transfer the difference back to the old ISA provider, fee free, once Ms K has opened

a new ISA

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 6 May 2024.

Chris Russ
Ombudsman