

## The complaint

Mr E complains about the way OneSavings Bank Plc (trading as Kent Reliance) handled his ISA transfer.

## What happened

The details of this complaint are well known to both parties, so I won't repeat it all again here.

In summary, in 2021, Mr E transferred his ISA with Kent Reliance to a new ISA provider. Kent Reliance acknowledges that there was an error during the transfer process which meant it didn't transfer the full amount due. It paid Mr E £868.81 when he brought the matter to its attention.

However, Mr E was not satisfied with its resolution and brought his complaint to us. To resolve the complaint, he said Kent Reliance should pay the interest he lost out on and compensation for the inconvenience and the loss of the tax-free benefits on the funds.

Kent Reliance agreed and paid Mr E 8% simple interest on the £868.81 from the date the account was closed in April 2021, until the payment was made in January 2023, which it calculated as £120, after it deducted income tax it paid Mr E £96.06. It also offered paid Mr E £250 compensation for the impact its errors had on him.

Our investigator thought this offer was fair, but Mr E says he pays tax on interest in his tax return, so he doesn't think Kent Reliance should have deducted income tax from the interest payment.

To resolve things, Kent Reliance issued Mr E a letter setting out the details of the income tax it deducted to allow him to claim it back in his tax return if he so wishes, but Mr E would like it to provide a tax deduction certificate. As Mr E remains dissatisfied, the complaint has been passed to me to decide.

## 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 considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions reached by the investigator for the following reasons:

- It is not disputed that Kent Reliance made mistakes when it transferred Mr E's ISA. So, what I must decide is whether it has done enough to compensate Mr E for the impact its errors had on him.
- When something goes wrong, we expect the business to put things right, that is to refund any financial loss, and to address any practical or emotional impact its error

has had. Kent Reliance refunded Mr E the outstanding balance from his ISA. In situations like this, we usually ask the bank to also pay interest on this amount at the rate the consumer would have received from their new ISA provider.

- Kent Reliance paid Mr E 8% simple interest on the outstanding balance from the date the transfer was completed in 2021, until the payment was made in 2023. I find this offer fair in the circumstances.
- Kent Reliance also paid Mr E £250 for the inconvenience caused, I've considered whether this fairly compensates him for the impact its error had on him. I think it would have been worrying for Mr E to find that his ISA had not been transferred correctly. However, I find Kent Reliance acknowledged the error in good time, once it was brought to its attention, and returned the missing funds quickly. However, I think it would have been frustrating that it did not agree to settle the matter of interest sooner. I also appreciate it will have been of some concern that the information given over the phone about the amount due was not consistent, but again this was quickly rectified. Considering this, I find £250 fair for the inconvenience and upset Mr E was caused.
- Mr E confirmed that he accepts how Kent Reliance put things right, but he doesn't think Kent Reliance should deduct income tax from the 8% simple interest it paid him. It is for Kent Reliance to determine whether it is required by HMRC to deduct income tax from the 8% simple interest award it made and its not something our service would interfere with. So, I won't comment on this here.

Kent Reliance was not able to provide Mr E with a tax deduction certificate due to the account being closed, but it issued him with a letter setting out the details of the tax it deducted, which Mr E could present to HMRC if he thinks he isn't required to pay this tax and I think that's reasonable.

### **My final decision**

For the reasons mentioned, my final decision is that I uphold this complaint.

OneSavings Bank Plc already paid Mr E 8% simple interest per annum on £868.81 from the date the account was closed until the date the payment was made. It also paid £250 compensation to settle the complaint and I think this is fair in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 12 July 2024.

Oluwatobi Balogun  
**Ombudsman**