

The complaint

Mr B has complained about the actions of National Counties Building Society trading as Family Building Society (FBS) when he requested that it transfer his ISA to another provider.

What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

“Mr B held a cash ISA with FBS. He decided that he wanted to transfer this to another provider (which I will refer to as ‘provider V’), and he completed the necessary forms for provider V. FBS received the transfer form from provider V on 17 April 2023. However, when it issued a cheque for the transfer proceeds on 18 April, it sent this to an unrelated provider (which I will refer to as ‘provider N’). The cheque was also made payable to provider N.

When Mr B received a letter confirming that his ISA proceeds had been sent to provider N, he rang FBS on 20 April to explain that it had sent the transfer to the wrong business. FBS stopped the cheque on 20 April and issued a new one payable to provider V on the same day. In view of its error, FBS stated that it was waiving an early access charge of £13.59.

Mr B complained to FBS about its error. In response, FBS explained that the error had occurred because the member of staff who processed Mr B’s transfer was at that time also dealing with other transfers which were supposed to be made to provider N. It offered Mr B £50 to reflect the inconvenience and upset it had caused him.

Unhappy with FBS’s response, Mr B brought a complaint to this service. He accepts that FBS’s error did not cause him any financial loss, but considers the compensation offered of £50 does not reflect the failure that occurred when his ISA proceeds were sent to the wrong provider.

Our investigator did not uphold this complaint. He explained that it is not this service’s role to punish or fine businesses when they do something wrong, and he also noted that FBS had rectified its error quickly. His view was that the offer of £50 compensation from FBS, plus waiving the early access charge, was sufficient to reflect the impact the error had had on Mr B.

Mr B disagreed with the investigator’s findings. He commented that FBS’s error suggests it was the result of a systemic failure, and a business of its size should not make such an error. Mr B highlighted that his transfer was for a significant sum of money, being just over £10,000, and that it was a serious failing to send a cheque for that much to the wrong provider. He also said that he had brought the error to FBS’s attention as soon as he’d become aware of it, allowing it to rectify the mistake quickly.

Mr B questioned whether the £13.59 early access charge was in fact ever payable under the terms of his ISA. He has also questioned whether FBS’s explanation for the transfer error was accurate, bearing in mind that the transfer request was clearly from provider V. Mr B

has suggested there are double standards regarding the conduct that is expected from a customer, for example when they are a victim of a scam, compared to what is expected from a business. He has said that FBS's £50 offer is disproportionate to the distress it caused him, taking into account the sum of money involved in the transfer.

What I've provisionally 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 can confirm that this includes listening to the call recordings Mr B has provided of conversations that he had with FBS.

As our investigator has explained, it is not the role of this service to fine or punish businesses for errors that they may have made. In this case, FBS has explained why the error occurred in the way that it did. Although I note Mr B's misgivings about the accuracy of FBS's explanation in this regard, on balance I do not consider I have sufficient reason to doubt that this explanation reflects why the mistake occurred.

Mr B accepts that FBS's error did not cause him a financial loss. I need to consider the extent to which the error caused Mr B unnecessary distress and/or inconvenience, and whether that should result in a compensation payment being made. In doing so, I have particularly considered the impact that FBS's mistake is likely to have had on Mr B.

As Mr B has pointed out, the ISA transfer related to a significant sum of money. When Mr B received the letter from FBS confirming that it had sent the transfer to provider N, he has said in his submissions to this service that he was "shocked and angry". Taking into account the sum involved, I can understand why Mr B would have felt this way. In particular, it seems to me that finding out that over £10,000 had been paid to the wrong financial institution would have caused Mr B considerable concern, and worry. Although provider N is a well known business – in other words, it was not that FBS had paid the money to a recipient that Mr B had never heard of – I still consider that the fact the money had gone to a destination which Mr B had never requested it to would have caused him an element of alarm.

It is clear that when Mr B informed FBS about its error, it quickly rectified it, ensuring that the ISA funds were redirected to provider V. It was right that FBS corrected the situation promptly, and I have taken that into account when considering what the appropriate level of compensation should be in this case. But in my view, the initial anxiety caused to Mr B is not adequately reflected with a payment of £50.

Having considered the evidence provided, and Mr B's account about how the error affected him, my current view is that a payment of £200 is appropriate to reflect the upset caused to Mr B. FBS also waived its early access charge of £13.59, and I appreciate there is disagreement between the parties about whether that charge was in fact payable. But, bearing in mind that £13.59 is a comparatively small sum, my view is that FBS should pay Mr B £200 compensation, notwithstanding the £13.59 which has already been waived via the transfer amount sent to provider V."

Responses to my provisional decision

FBS forwarded me recordings of two telephone calls it had had with Mr B, and it asked that I listen to these. These were the same call recordings that Mr B had already previously provided as part of his submissions.

FBS also stated that when making its original offer of compensation, it had taken into account that it had acted to correct its mistake as soon as Mr B had brought it to FBS's attention. It confirmed again the timeline of events that had happened in April 2023. FBS commented that it felt the impact on Mr B of the error was minimal because it corrected matters once he had made it aware of the situation, and this was done on the same day that Mr B received the letter saying his funds had been sent to provider N.

Mr B commented that FBS had sent a large amount of money to the wrong business, and he described this as a very serious failure. He said that FBS's description of its mistake as something "*that simply should not have happened*" was weak, and in his view did not represent a proper investigative finding. Mr B explained that he remains concerned that the error represented a systemic failure on the part of FBS, and he questioned my acceptance of FBS's explanation for the error. Mr B also said that the proposed compensation of £200 does not properly reflect the serious nature of the mistake that occurred, and the large sum of money involved.

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.

As explained above, the call recordings provided by FBS are the same as previously forwarded by Mr B. In reconsidering the merits of this complaint, I can confirm that I have listened to the recordings again.

As I acknowledged in my provisional decision, once Mr B made FBS aware of the error that it had made, it corrected that error quickly. Because rectification of the situation was swift, FBS says that its view is the impact on Mr B was minimal. I have carefully considered its comments, but my view remains that Mr B was caused unnecessary concern and anxiety when he discovered this significant sum of money had been sent to the wrong provider, even if FBS corrected matters once he alerted it to the mistake.

Mr B remains concerned that FBS has not adequately investigated what went wrong when his funds were sent to provider N. I do appreciate why he is seeking more detail to explain the cause of the error, but my view is that unfortunately sometimes seemingly straightforward processes can go wrong. FBS has explained the cause of the mistake, and on balance my view is that it has adequately clarified matters in this regard.

In conclusion, FBS accepts that it failed to correctly follow Mr B's instructions when he asked it to transfer his funds to provider V. My view remains that £200 represents fair compensation for the upset Mr B was caused by this error.

My final decision

My final decision is that I uphold this complaint, and I require National Counties Building Society trading as Family Building Society to pay Mr B £200 compensation (which includes the £50 already offered) to reflect distress and inconvenience caused to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 February 2024.

John Swain
Ombudsman