

## **The complaint**

Mr J complains Yorkshire Building Society (YBS) didn't transfer his individual savings account (ISA) correctly.

## **What happened**

Mr J is represented by his mother. For ease I've only mentioned Mr J although some of the actions and submissions were made by his mother.

Mr J had a Junior ISA (JISA) at another bank. Mr J turned 16, the age he's able to administer his JISA. Mr J's other bank contacted him and let him know this and he could transfer his JISA if he wanted to.

Mr J went to a YBS branch and spoke to staff about transferring to an internet based ISA. Mr J was told he could complete the application, and transfer, online, and he did.

YBS opened a cash ISA, and transferred the money from Mr J's old bank.

YBS then carried out a review and realised the money came from a JISA. YBS closed Mr J's cash ISA and sent his old bank a cheque.

YBS wrote to Mr J to explain this, but then Mr J's old bank returned the cheque to YBS. YBS resent the cheque to Mr J's old bank and his JISA was eventually reopened.

Mr J complained to YBS, saying he thought he'd lost his money and the closure of his account happened during exams, so it was really distressing.

YBS responded to say it had to return the money to Mr J's old bank, and the error only became apparent following a review, not at the time of application.

YBS said it had paid Mr J the lost interest but because it didn't offer JISAs it couldn't keep the cash ISA open. YBS didn't think it should compensate Mr J.

Unhappy with this answer, Mr J brought his complaint to this service and an investigator looked into things. The investigator thought the staff at YBS should have realised Mr J was younger, and perhaps explored what type of ISA he had.

The investigator also thought YBS could have explained better what happened and where Mr J's money was. The investigator thought YBS should pay Mr J £150 to compensate him.

YBS didn't agree and said Mr J applied for the account online, nothing was completed in branch, so it was Mr J's responsibility to follow the terms of his JISA.

YBS also said Mr J's other bank should bear responsibility as it shouldn't have transferred a JISA to a cash ISA and it lost the cheque.

Mr J also disagreed and said he thought YBS had discriminated against him due to his age. Mr J said YBS provided incorrect financial advice and caused him lots of distress.

Mr J felt 20% of his JISA balance, as compensation, was a fairer amount to pay.

### **My provisional decision**

I issued a provisional decision, as I thought Mr J's complaint should still be upheld, but for different reason than the investigator said. In my provisional decision I said:

I've looked at what YBS has said, and its range of savings accounts online, I'm satisfied YBS doesn't offer a JISA. From what YBS' website says, it only offers cash ISAs.

There are very specific rules for JISA's, and Mr J shouldn't be allowed to access his JISA until he's 18. The ISA YBS opened for him gave him unrestricted access to the money in his account, and there was in excess of £20,000 in the account.

His Majesty's Revenue and Customs (HMRC) lays out the rules for ISAs, so I can understand YBS wanted to ensure it was complying with them. And I can understand YBS wanting to protect the money in Mr J's account.

And I don't think YBS had any option but to return Mr J's money to his old bank, I don't think it could keep the cash ISA open.

I don't think YBS was wrong to close Mr J's cash ISA, but I think it could have handled the process differently and more sympathetically.

I don't think it's Mr J's fault he was able to transfer a JISA to a cash ISA. I think YBS perhaps has a point when it says Mr J's old bank might bear some responsibility, but this doesn't mean YBS doesn't bear any.

YBS was able to tell the money had come from a JISA, it found this out during a later review of Mr J's account. I don't think it's enough to just say Mr J's old bank shouldn't have transferred out, I think it's also fair to say YBS shouldn't have transferred in.

And I've looked at the transfer form and ISA declaration Mr J completed when transferring his JISA. The form doesn't mention any restrictions on JISAs but does list other ISAs.

Mr J completed the transfer form in good faith and truthfully, to say he's over 16 and doesn't intend to subscribe to other ISAs in the same tax year. Nothing on the form appears to prohibit Mr J from making the transfer he did.

Mr J transferred his JISA to YBS in December 2022. But YBS didn't close Mr J's ISA until May 2023. This means Mr J had access to the money in his account for over four months. I think if Mr J intended to take money from the account, he'd have done this before May.

So, I don't think there was a need to immediately close Mr J's cash ISA. If YBS was worried it was breaching HMRC rules, it had already done this for several months.

But YBS did immediately close Mr J's cash ISA, and only wrote to him after it had been closed and a cheque posted to his old bank. Mr J's JISA had long since closed at his old bank, so it's not surprising his old bank was unsure what to do with a cheque sent by YBS.

I think YBS could have liaised with Mr J's old bank before closing Mr J's cash ISA and sending the cheque. And if YBS was worried Mr J would access the ISA in the meantime, I

think it could have blocked the account.

By sending a cheque to Mr J's old bank, which it wasn't expecting, to credit a closed account, this caused Mr J some worry. The balance on Mr J's ISA with YBS was zero and his old bank didn't have an open account to credit.

Mr J was worried his money was lost, and it's a significant amount of money. I can understand why Mr J felt the way he did. I don't think YBS did a good job in explaining exactly what was happening or reassuring Mr J his money wouldn't be lost.

And when Mr J's old bank returned the cheque YBS reopened the cash ISA and reccredited the cheque. YBS then removed the interest Mr J had earned, reducing his balance.

Again, Mr J thought he was losing money. From what I can see YBS paid Mr J interest from December to May before issuing the cheque to Mr J's old bank.

When the cheque was returned, YBS removed the previous interest as it was continuing to pay interest on the initial balance, and Mr J shouldn't be earning interest on his interest. When the YBS ISA closed for a second time a second, larger credit of interest was paid in.

I'm satisfied Mr J's been paid the right amount of interest by YBS and hasn't lost out.

When the YBS ISA was closed a second time, and a second cheque sent, it appears Mr J's old bank was able to reopen Mr J's JISA and credit the money.

But I think a lot of the distress Mr J experienced could have been avoided if YBS had spoken to Mr J's old bank first, ensured there was an account open to credit, then close his ISA.

In one of YBS' messages to Mr J it says it can't send a faster payment as there was no open account at Mr J's old bank. I think the relatively easy fix to this was to ensure an account was open, and I think YBS could have done this by speaking to Mr J's old bank.

Mr J says he visited a YBS branch before he transferred his JISA and spoke to staff about a transfer. The investigator says YBS should have realised Mr J was younger and had a JISA.

But cash ISAs can be opened by people aged 16 or over, so I don't think it should have been obvious Mr J had a JISA. And since YBS doesn't offer a JISA, I wouldn't expect its staff to necessarily know the rules and the differences.

And if Mr J asked to transfer his ISA, without specifically saying it was a JISA, I can understand why YBS discussed its cash ISAs and the best rate was the online one.

I don't think I can say YBS gave Mr J poor financial advice. I think it's more likely YBS told Mr J he could transfer his ISA without realising it was a JISA.

Mr J completed the transfer online, but I don't think it's fair to say Mr J should have followed the JISA guidelines. If YBS' staff can't be expected to know about JISAs I don't expect Mr J to know the finer points of JISA transfers either.

Mr J's said he feels YBS discriminated against him due to his age. In other words, Mr J thinks YBS has failed its duty to make reasonable adjustments under the Equality Act 2010.

I've taken the Equality Act 2010 into account when deciding this complaint – given it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable.

If Mr J wants a decision that YBS has breached the Equality Act 2010, then he'd need to go to court.

And having thought about what's fair and reasonable, I think the investigator's assessment of £150 being fair compensation is right. Mr J was caused distress at exam time and was clearly worried his money had gone missing.

I think a lot of this worry could have been avoided had YBS liaised with Mr J's old bank prior to closing Mr J's cash ISA. Overall, I think £150 is fair to compensate Mr J for this worry.

Mr J feels 20% of his balance would be fair compensation. But I don't think it's fair to base any compensation payment on his balance. Mr J would likely have experienced the same distress had his balance been lower.

I need to think about the impact on Mr J, and although I've considered the fact Mr J had a lot of money in his ISA, and likely increased his worry, I still think £150 is fair.

Mr J has since raised a further problem with YBS around it not opening another account for him. This issue isn't part of the complaint about his ISA transfer, and I don't think YBS has had a chance to respond to a complaint.

Because of this I can't comment on YBS' refusal to open another account.

### **Responses to my provisional decision**

YBS responded to say it had nothing further to add.

Neither Mr J nor his representative responded.

### **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.

Since neither party had anything to add to my provisional decision, my final decision is unchanged.

### **My final decision**

My final decision is I uphold this complaint and Yorkshire Building Society should pay Mr J £150 to compensate him for the poor service around his JISA transfer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 15 March 2024.

Chris Russ  
**Ombudsman**