

The complaint

Mrs P is unhappy with several aspects of the service she received from National Westminster Bank Plc ("NatWest") surrounding her request to transfer her ISA.

What happened

To briefly summarise: On 18 October 2023, Mrs P called NatWest and asked to transfer her fixed-rate ISA balance to a different NatWest ISA product that offered a better rate of interest. NatWest's agent told Mrs P that if she wanted to move her fixed-rate ISA balance, she would need to downgrade the ISA to a cash ISA - which would incur a charge equivalent to 90 days' worth of interest - and then move the balance from that cash ISA. NatWest also told Mrs P that to instruct a downgrade of her ISA, that she would need to either put her request in writing or visit a NatWest branch.

Mrs P asked NatWest's agent what the process would be if she wanted to move her ISA balance to another provider, and she was told that the same requirements would still apply - that she would have to downgrade her ISA to a cash ISA first, and that she could only instruct this downgrade by post or in branch.

Mrs P sent a letter to NatWest requesting the downgrading of her ISA as she'd been told she needed to, but it took several weeks for NatWest to action Mrs P's request, despite Mrs P chasing with this on NatWest on numerous occasions. Additionally, when NatWest did eventually change Mrs P's ISA to a cash ISA as she'd requested, they then rejected the ISA transfer request that was received from the provider Mrs P wanted to transfer her ISA to on two occasions.

Mrs P wasn't happy about the service she'd received from NatWest, or with the many hours she'd had to spend on the phone or writing emails or secure messages to NatWest. And she also wasn't happy that at one stage, NatWest removed her ISA balance from her online banking portal, so that it appeared to Mrs P that her ISA balance had disappeared. So, she raised a complaint.

NatWest acknowledged Mrs P's complaint. But they didn't provide a formal response to the complaint within eight weeks, and so Mrs P referred her complaint to this service.

One of our investigators looked at this complaint and liaised with Mrs P and NatWest. During their investigation, NatWest offered to reimburse the 90-days interest that Mrs P had been charged for exiting her fixed-term ISA when she downgraded to a cash ISA. NatWest also offered to pay £500 compensation to Mrs P for the trouble and upset she'd incurred because of what happened, and to allow Mrs P to transfer the balance of her NatWest fixed-rate savings account into her NatWest current account without incurring any penalty to do so.

Our investigator felt that NatWest's proposal was a fair resolution to Mrs P's complaint. But Mrs P disagreed and felt that a larger amount of compensation was merited in consideration of the distress, frustration, and anxiety NatWest's poor service had caused her. So, the matter was escalated to an ombudsman for 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mrs P has provided several detailed submissions to this service regarding her complaint. I'd like to thank Mrs P for these submissions, and I hope she doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mrs P notes that I haven't addressed a specific point she's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mrs P and NatWest. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

It isn't in dispute that Mrs P received poor service from NatWest here. Indeed, NatWest have confirmed that the initial information Mrs P received from their agent in October 2023 – that Mrs P needed to downgrade her fixed-rate ISA to a cash ISA before being able to transfer her ISA balance to another provider – was wrong. Instead, Mrs P was able to transfer her fixed-rate ISA balance to another provider, albeit with a penalty equivalent to 90 days' interest. And it seems to me that if Mrs P had been given the correct information on that first call, it's likely that most of the upset and inconvenience that Mrs P has incurred here wouldn't have taken place.

However, after careful reflection, I feel that NatWest's offer to pay £500 compensation alongside a reimbursement of the 90 days interest Mrs P was charged for exiting her fixed-rate ISA early, as well allowing Mrs P to exit her fixed-rate savings account early without penalty, does represent a fair resolution to this complaint. And so, while I will be upholding this complaint in Mrs P's favour, I'll be doing so on that basis.

It's clear from Mrs P's testimony that she feels very strongly about this complaint. So, I'd like to confirm to Mrs P that I've taken into account the screenshots she's provided of the calls she had to make to NatWest that illustrate that she spent in excess of six and a half hours on the phone with them. And I've also considered the additional time that Mrs P spent writing emails to NatWest and communicating with them via their secure messaging system.

But I've also taken into account the general framework that this service uses when assessing compensation amounts – details of which are on this services website. And having done so, I feel that the complaint resolution package that NatWest have proposed, as explained above, is a fair outcome here.

This includes not only the £500 compensation that NatWest have offered to pay to Mrs P, but also the fact that they've offered to reimburse the 90-day interest charge that Mrs P incurred when she downgraded her fixed-rate ISA to a cash ISA. And it must be noted that if

Mrs P had been given the correct information by NatWest in the first instance – that she could transfer her fixed-rate ISA balance to an alternative ISA provider – this 90-day interest charge would have been legitimately applied to that transfer.

I feel that one benefit of the reimbursement of this charge is that it compensates Mrs P for the fact that she wasn't able to move her ISA balance to the higher interest paying account with the alternative provider as quickly as she wanted to.

Additionally, I also feel that NatWest's offer to allow Mrs P to exit her fixed-rate savings account without penalty is another financial benefit to Mrs P that NatWest are under no obligation to offer. And I feel that considered in conjunction, these three things – the £500 compensation, the reimbursement of the 90-day interest charge, and the waiving of the fixed-term savings account exit charge – do provide fair compensation to Mrs P for the significant trouble, upset, and frustration that she's incurred here.

Finally, it's my understanding that NatWest have also reimbursed Mrs P the interest she should have accrued on her fixed-rate ISA for the time she held her money in that account (minus the 90-days exit charge she incurred). I acknowledge that this is interest that Mrs P was legitimately owed by NatWest and as such I can confirm that I haven't considered it when assessing the complaint resolution package proposed by NatWest on this complaint.

I realise this might not be the outcome Mrs P was wanting, and I'd like to reiterate that I accept her testimony about the impact that these events had on her. But I hope that Mrs P will understand, given all that I've explained, why I've made the final decision that I have.

Putting things right

NatWest must pay £500 compensation to Mrs P.

NatWest must reimburse to Mrs P the 90-day interest charge she incurred when she downgraded her fixed-term ISA to a cash ISA.

NatWest must allow Mrs P to withdraw the full balance of her fixed-term savings account to her current account without penalty.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 25 April 2024.

Paul Cooper
Ombudsman