

The complaint

Miss E complains about errors, delays and poor service from Digital Moneybox Limited trading as Moneybox when trying to complete a Lifetime Individual Savings Account (LISA) transfer.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Miss E held a LISA with a business I'll refer to as N. In late 2022 Miss E completed a "transfer in" form to move her LISA from N, the existing provider. In early December 2022 Miss E used Moneybox's instant chat facility to check to progress of her application and information about how the LISA would work. Specifically, Miss E asked whether if she paid £4,000 into the LISA on the last day of the tax year 2022/2023 she would still qualify for the £1,000 bonus. Moneybox confirmed Miss E would still qualify.

Miss E also contacted N, her existing LISA provider. N advised that once the transfer out request had been processed, Miss E's LISA would be frozen and no further contributions could be made. N also advised that it wasn't possible to cancel the transfer out process once it was started.

During the application process, Miss E had to submit multiple "transfer in" forms which she complied with in December 2022.

On 5 January 2023 Miss E contacted Moneybox again and was told her transfer in request had been missed and not processed. Moneybox also advised that because of N's 95 day notice period, it was unlikely her transfer in could be completed in time for the end of the tax year 2022/2023. On 5 January 2023 Miss E asked whether Moneybox's delays would impact the timescales for processing the transfer and a complaint was raised on her behalf.

On 7 January 2023 Moneybox advised an operational error led to the transfer form not being picked up by the relevant team. Moneybox advised the transfer would be prioritised and offered Miss E £10 to apologise. But Miss E responded to point out that the delay would mean she'd lost out on the LISA bonus of £1,000. Moneybox agreed to escalate Miss E's complaint.

Moneybox contacted Miss E again on 15 February 2023 and said she had two options. The first was to proceed with the LISA transfer but on the basis it would complete on 24 April 2023 so would be applicable for the tax year 2023/2024. The second options was to cancel the Moneybox transfer in and contribute funds to the existing LISA with N for the tax year 2022/2023. Moneybox offered Miss E £50 to apologise.

After further correspondence, Moneybox issued a final response on 2 March 2023 confirming the position it had previously reached. On 16 March 2023 Miss E asked Moneybox to confirm how long it would take before she could access her account with N

again and if she'd still be able to qualify for the LISA bonus. Moneybox responded on 20 March 2023 and referred Miss E back to N.

On 21 March 2023 Miss E asked Moneybox to cancel her LISA transfer in. Moneybox emailed N to confirm the cancellation but Miss E's explained that, by this point, it wasn't possible to do that.

Miss E has provided evidence of her correspondence with N which has explained that once a transfer out application is received from another provider, as one was received from Moneybox in this case, it's not possible to withdraw or cancel. As a result, whilst Moneybox emailed N on 21 March 2023 to cancel the LISA transfer, it wasn't possible to comply. The LISA transfer ultimately completed around 14 April 2023 and the account was opened for Miss E by Moneybox.

Miss E referred her complaint to this service and it was passed to an investigator. They partially upheld the complaint and asked Moneybox to pay a further £100 for the distress and inconvenience caused. Moneybox accepted but Miss E asked to appeal and said that she'd been unable to cancel the LISA transfer out with N and delays by Moneybox had led to a clear loss of the £1,000 bonus she would've received if no mistakes had been made. As Miss E asked to appeal, her complaint has been passed to me to make a decision.

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 understand why Miss E is so disappointed. I think it's fair to say Miss E started the transfer process with plenty of time to spare. And Miss E complied with all the requests Moneybox made in terms of the forms she had to submit and arrangements required in good time. Moneybox accepts that it was a mistake by its processing teams that led to her LISA transfer in not being processed in time for the end of the 2022/2023 tax year. As a starting point, I'm satisfied it was errors by Moneybox that caused the delay that impacted whether Miss E could open and fund a new LISA in time for the end of the existing tax year.

I'm concerned that some of the advice Moneybox gave Miss E turned out to be wrong. On 15 February 2023 Moneybox advised that Miss E could proceed with the transfer in but would miss the 2022/2023 tax year cut off. Moneybox also said Miss E's other option was to cancel the transfer with her existing LISA provider, N, and use that account to deposit her funds and receive the bonus. Miss E was told she could then transfer her LISA to Moneybox in the 2023/2024 tax year. But I've since seen correspondence from N that confirms there was no facility to cancel a LISA transfer out instruction once processed. So when Miss E was referred back to N by Moneybox to cancel the transfer, it wasn't something that she could actually do.

I can see that Moneybox emailed N directly on various occasions from 21 March 2023 to try and cancel the LISA transfer but received no response. Whilst I agree it would've been better for a response to have been received, I'm satisfied that by that point it wasn't possible for Miss E to cancel her LISA transfer out with N.

That meant Miss E unable to cancel the existing transfer out in order to qualify for the 2022/2023 bonus.

Overall, I'm satisfied that if Moneybox had completed the LISA transfer in paperwork when it was received, the transfer would've most likely completed in time for the end of the 2022/2023 tax year. Miss E's provided evidence that shows she had £4,000 available to fund

the Moneybox LISA and receive the £1,000 bonus. So if Moneybox had processed the application without delay, I'm satisfied Miss E would've received the LISA bonus as she claims.

I'm not persuaded the current outcome is fair as it leaves Miss E without the £1,000 bonus she ought to have received if it hadn't been for mistakes by Moneybox. So whilst I understand Moneybox's mistakes meant the LISA wasn't available for the 2022/2023 tax year, I think the fairest approach is for Moneybox to compensate Miss E by paying her the £1,000 bonus she would've received. Unless I see anything that changes my mind, I intend to tell Moneybox to pay Miss E £1,000 plus interest at the rate payable for her LISA. I'm going to backdate that interest to the date Miss E's LISA would've been opened if Moneybox had processed the application without delay. I'm aware there was a 95 day notice period plus a 15 day processing period used by N. Miss E returned the relevant information by 5 December 2022. That means the LISA transfer should've completed on 25 March 2023.

I've also considered the level of compensation awarded in terms of the distress and inconvenience caused to Miss E. I can see Miss E's told us that the current award of £150 doesn't fairly reflect the length of time this issue has been ongoing for or the mistakes Moneybox made. I agree with Miss E and, as a result, intend to increase the award from £150 to £300. In my view, that figure more fairly reflects the impact of the issues raised on Miss E and the level of distress and inconvenience caused.

I invited both parties to respond with any new information or points they wanted me to consider before I made my final decision. Miss E confirmed she was willing to accept.

Moneybox responded and advised it didn't agree. Moneybox said it had checked Miss E's current LISA balance and found it was £40.31. Moneybox said Miss E hadn't contributed any funds to the LISA since 3 May 2023 when £1 was paid in. Moneybox said there was no evidence of Miss E's intention to make deposits totalling £4,000 for the take year 2023/2024.

We went back to Miss E with Moneybox's response. Miss E said she'd delayed making further payments to her LISA on the basis that she wasn't going to get the £1,000 bonus for the 2022/2023 tax year due to delays by Moneybox. Miss E explained she deposited the £4,000 intended for her LISA into another ISA with Moneybox. Miss E said her other ISA had received deposits of £4,590 by 4 April 2023 and was held in cash. Miss E provided some further background and explained she intended to make the remaining deposits into her LISA on 5 April 2024.

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 note Moneybox's response but I think Miss E makes a reasonable point in her response when she says it's focused on the 2023/2024 tax year. My provisional decision was made due to the actions of Moneybox and how they impacted Miss E's ability to secure a LISA bonus of £1,000 for the tax year 2022/2023.

In my provisional decision, I explained Miss E had provided evidence that she had the funds available. Miss E has pointed out that she has funds with Moneybox in other accounts. I also explained I was satisfied that Miss E made her LISA transfer in application within plenty of time but it was mistakes by Moneybox that resulted in delays that meant it couldn't complete in time for the 2022/2023 tax year. I remain satisfied that it was Moneybox's mistakes that ultimately meant Miss E wasn't able to qualify for the £1,000 LISA bonus. I still think Miss E directly lost out on a £1,000 LISA bonus due to Moneybox's actions. So I remain of the view

that the fairest way to resolve Miss E's case is for Moneybox to pay her the £1,000 bonus she missed out on.

I've considered Moneybox's response as well as the information Miss E has supplied. Having done so, I haven't been persuaded to change the conclusion I reached in my provisional decision. I still think Miss E's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Miss E's complaint and direct Digital Moneybox Limited trading as Moneybox to settle as follows:

- Pay Miss E £1,000 in respect of the LISA bonus she missed out on plus interest from 22 March 2022 to the date of settlement at the rate payable on the LISA
- Pay Miss E a total of £300 for the distress and inconvenience caused (less any compensation already paid)

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 2 April 2024.

Marco Manente
Ombudsman