

The complaint

Mrs G complained about the poor service she received from Shawbrook Bank Limited in transferring her ISA to another provider.

What happened

In 2022 Mrs G opened a cash ISA with Shawbrook that matured on 23 October 2023. After a year the interest rate on the account reduced to 0.01%.

Mrs G decided to transfer the ISA when the account matured to a third party which I'll call Bank A. She tried to arrange for the funds to be transferred on 23 October by completing an ISA transfer form which Bank A forwarded to Shawbrook.

Shawbrook said it transferred the funds on 3 November 2023.

Mrs G complained to Shawbrook about the interest she'd lost as a result of the delay. It said it hadn't processed the transfer until her account matured so that she didn't incur an early closure penalty. Shawbrook said it had made the transfer within the government-recommended timescale of 15 working days.

Mrs G referred her complaint to this service. Our Investigator found there'd been a delay of one working day. Shawbrook offered £50 compensation and an interest adjustment of £6.76 for the one day's delay. Our Investigator thought that was reasonable.

As Mrs G didn't agree, the matter has been referred to me.

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.

Although Mrs G gave Shawbrook plenty of notice of the transfer, I accept that Shawbrook thought it was acting in her best interest by not actioning the transfer straightaway. That's because under its terms and conditions she would have lost 90 days' interest if the account had been closed before the end of the fixed term. That meant Shawbrook couldn't start the transfer process until 24 October 2024.

However, before it could send the funds Shawbrook needed to receive a "*ready for payment*" message from Bank A.

Section 23.12 of Shawbrook's Terms and Conditions says:

"Where we receive a transfer out request for Your Cash ISA account, We will send Your funds to Your new ISA provider within 5 Working Days of receiving instructions from Your new ISA provider."

The five working day timescale referred to above only begins once the "*ready for payment*"

message has been received. If Shawbrook had tried to transfer the funds before receiving this message, the funds might have been temporarily lost or delayed. So it was important that Shawbrook waited for this. It received this message on 26 October 2023. However, it didn't send the funds until 3 November 2023. That is six working days.

As Shawbrook exceeded the five working day timescale set out in its terms and conditions, I agree that there should be an interest adjustment for the one day's delay being £6.76.

Shawbrook has also offered £50 compensation for the short delay. Calculating compensation in such situations isn't an exact science. Overall, taking into account the delay that occurred in this case, the impact on Mrs G and the levels of compensation awarded by this service in complaints with similar circumstances, I think £50 compensation is reasonable for the trouble and upset in this case.

My final decision

Shawbrook Bank Limited has already made an offer to pay Mrs G a total of £56.76 to settle the complaint and I think this offer is fair in all the circumstances.

So my final decision is that Shawbrook Bank Limited should pay Mrs G £56.76.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 20 August 2024.

Elizabeth Grant
Ombudsman