

## **The complaint**

Miss C has complained that Newbury Building Society (“NBS”) marked her savings account as dormant without telling her. Miss C says that this prevented her from paying money into an ISA.

## **What happened**

Miss C says that she went to withdraw money from her savings account to pay into an ISA on the 2022/23 ISA deadline day (5 April 2023), but she was unable to do so because NBS had made her account dormant.

Because of this Miss C, went into branch in an attempt to gain access to her savings. But As Miss C didn't have the passbook for the account or ID with her, NBS denied her access to her money. As this took place on the last day of the ISA deadline, this meant that Miss C missed out on using half of her ISA allowance for the 2022/23 tax year.

Unhappy with what happened, Miss C complained to NBS. NBS issued its final response letter on 2 May 2023. It acknowledges that it had not given Miss C enough information to be able to reactivate her account when she made the branch visit. It also acknowledged how Miss C was treated when she went to branch had caused her distress. Because of this NBS upheld the complaint and offered to pay Miss C £250. This was based on:

- £80.55 - to reflect the difference in interest for one year between the interest rate on the NBS savings account and the interest rate on the ISA that Miss C intended to transfer the funds to; and
- £75.18 - in basic rate tax that would be charged on £10,740 in the NBS savings account; and
- £9 – contribution towards travel costs to visit branch; and
- £85 – for the distress and inconvenience caused to Miss C.

NBS then rounded the above amount up to £250 in total.

As Miss C did not accept NBS's offer, she referred her complaint to this service. One of our investigators assessed the complaint and they upheld the complaint. They thought that, in addition to the redress that NBS had offered to cover Miss C's losses, the award for the distress and inconvenience should be increased from £85 to £150.

NBS responded to say that although it doesn't agree with the investigator's conclusions, it was willing to pay the additional compensation to resolve matters. Miss C responded and didn't agree with the investigators assessment, so the matter was referred for an ombudsman's 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 reviewed everything, I agree with the outcome reached by the investigator for broadly the same reasons. I will explain why.

In terms of the dormancy, I don't think how NBS dealt with this was reasonable. If the account was made dormant, or was due to be made dormant, then NBS should've informed Miss C that was the case. Had it done so, then Miss C would've been aware of the status of her account and also aware of what she'd need to do to avoid it being made dormant.

It also seems odd that, even though the account had been made dormant, NBS still allowed payments to be made *into* the account, but then kept the account in a dormant state. I would've thought activity on the account (either paying money in or attempting to take money out) would've either reactivated the account, or at least prompted NBS to have informed Miss C that her account was dormant and that it needed reactivating, should she wish to withdraw any money from the account. But I can't see that either of those things happened.

Nevertheless, as Miss C's account was dormant on the date she wanted to make the withdrawal, NBS has said that Miss C would need to provide ID to reactivate her account. However, when Miss C went to make the withdrawal from her NBS account, an electronic message was sent to her by NBS on 5 April 2023, saying that she would need to provide a copy of the bank statement that she wanted to transfer money into. But NBS did not explain to Miss C at this point that her account was dormant, nor did it explain what ID she would need to provide to reactivate the account. In the circumstances, this was not very helpful for the situation that Miss C found herself in.

During the branch visit, I understand Miss C's partner was able to make the necessary withdrawal, but Miss C was not. So, understandably, Miss C has questioned why she could not make such a withdrawal, when she believed her circumstances were essentially the same as her partner's.

NBS has explained that Miss C's partner was able to remove the dormancy marker from his account as he had photo ID on him, whereas Miss C didn't. NBS has also said that the member of staff who served Miss C's partner had allowed him to withdraw money without a passbook, even though its policy at the time was to only do so when a passbook is presented. NBS has since explained that although Miss C may not have had photo ID on her, the bank statement she had with her should've been enough to have allowed her to get the dormancy status removed. I understand that the dormancy was subsequently removed in February 2024.

So had things gone as they should've I think that Miss C would've, more likely than not, been able to make the transfer from her NBS savings account to her ISA account, before the 2022/23 ISA deadline had expired.

I have therefore gone on to consider what's fair to put things right for Miss C.

Firstly, in terms of the increased award for the distress and inconvenience caused, I do think that the total amount of £150 recommended by the investigator fairly reflects the impact this matter had on Miss C. I recognise that it would've been frustrating for her to miss out on using around half of her ISA 2022/23 allowance. I also think this amount fairly reflects the inconvenience caused to Miss C in attending branch and being denied the ability of making the withdrawal, when the statement she took with her was in fact enough to have removed the dormancy status.

Turning now to the impact of missing out on making the withdrawal. I think that what NBS offered was fair, as it reflects the interest Miss C missed out on earning in her ISA for a year as a result of not being able to transfer her money into her ISA when she wanted to. It also, reimburses Miss C for any basic rate tax that may've been charged on the interest earned on the £10,740 in the NBS savings account for a year.

Miss C has said that she missed out on sheltering the money she wanted to transfer from her NBS savings account into an ISA. Miss C says that as she received an inheritance, this meant she would be fully funding her ISA allowance in a number of the tax years to follow. I note that the investigator emailed Miss C's representative addressing this specific point and invited them to comment further. But I can't see that either Miss C or her representative responded with any further comments or evidence about this point.

Having considered Miss C's points on this matter and considered what Miss C's losses are from NBS's mistake, based on everything I have seen, I'm satisfied that these are just related to the interest difference between the two accounts for a period of one year, rather than any wider losses.

### **Putting things right**

Because of the reasons given above, I require NBS to pay Miss C:

- The £250 that NBS had offered; and
- A further £65 for the distress and inconvenience caused to Miss C by this matter - so as to bring the total amount of redress for distress and inconvenience caused to Miss C to £150, as recommended by the investigator.

### **My final decision**

Because of the reasons given above, I uphold this complaint and require Newbury Building Society to pay the above amounts, to put matters right in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 28 October 2024.

Thomas White  
**Ombudsman**