

The complaint

Mr Z is unhappy with the service he received from Santander UK Plc surrounding transfers he wanted to make into an ISA.

What happened

Mr Z opened a new ISA in branch with Santander and made an immediate transfer of £10,000 from another ISA (the 'old ISA') that Mr Z held. Mr Z also wanted to transfer a further £10,000 into his new ISA from an account held with a different bank. Santander's agent asked Mr Z to check that the account he held with the other bank wasn't itself an ISA. This led to Mr Z returning to branch the next day having confirmed that the account wasn't an ISA with the intention of transferring the further £10,000 into his new Santander ISA as he'd wanted to the previous day.

However, when Mr Z returned to branch he was told by the staff member he spoke with that there was no record of £10,000 already having been transferred into the new ISA – which Mr Z believed had happened the previous day, immediately after the new ISA was opened. Because of this, Santander's staff member advised Mr Z to make the £10,000 transfer from his old ISA again, which Mr Z did. But because the transfer from the previous day had in fact taken place.

This meant that Mr Z ended up making two transfers of £10,000 from his old ISA. And this meant that when Mr Z also transferred a further £10,000 into the new ISA from the account he held with the other bank, the total transferred into the new ISA was £30,000 – which was £10,000 more than Mr Z had wanted to transfer in, and £10,000 more than the maximum amount that could be transferred into an ISA in any financial year. Mr Z wasn't happy about this, so he raised a complaint.

Santander responded to Mr Z and explained that because he verified both transfers from the old ISA via chip and pin that he was considered to have authorised both of those transfers and that therefore Santander hadn't done anything wrong. And Santander also confirmed that they'd explained the situation to HMRC who also felt that Mr Z verifying both transfers via chip and pin should be deemed as a transfer instruction received directly from Mr Z and therefore one for which he was ultimately responsible.

However, Santander also noted that because HMRC had refused to allow Mr Z to return the second £10,000 he'd transferred into the new ISA back to his old ISA – which had meant that the £10,000 had to be returned to Mr Z outside of an ISA wrapper – this meant that Mr Z wouldn't incur the interest on that £10,000 that he should have done, had it remained in his old ISA. Santander acknowledged that this didn't seem fair, and so they made payments totalling £300 to Mr Z as compensation for this. Mr Z wasn't satisfied with Santander's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that Santander's response to the complaint already represented a fair resolution to what had happened. Mr Z remained dissatisfied, 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.

I issued a provisional decision on this complaint on 16 February 2024 as follows:

I'm somewhat confused by Santander's response to Mr Z's complaint. On the one hand, they've said that because Mr Z verified both £10,000 transfers from his old ISA via chip and pin that Mr Z should be considered to have directly authorised those transfers and should therefore be held responsible for making them. But on the other hand, they've accepted that it isn't fair that Mr Z should miss out on the interest the second £10,000 would have earned had it remained in his old ISA and have paid compensation to Mr Z totalling £300 as a result.

Having considered all the information and evidence presented to me here, I find Mr Z's testimony to be persuasive, and I accept that he only made the second £10,000 transfer because he was told by Santander branch staff that the first transfer which he'd made the previous day didn't appear to have registered or been processed. And from a fairness perspective, I feel that the fact that Mr Z verified that second transfer via chip and pin to be largely irrelevant, because I feel that he wouldn't have made that second transfer had he not been prompted by Santander's branch staff to do so.

Accordingly, I feel that a fair outcome is that Santander should return Mr Z into the position he should be in, had the second transfer from the old ISA account never been made. Santander have calculated that Mr Z lost out on £450 of interest because the £10,000 in question was no longer present in his old ISA. As such, my provisional instruction is that Santander must make a payment of £450 to Mr Z.

I also feel that Santander should fairly compensate Mr Z for the trouble and upset that he's incurred here. I note that Santander have made payments of compensation to Mr Z totalling £300 already, although I also note that £50 of that total amount was paid for a separate point of complaint and not in regard to the issue at hand here. This means that Santander have already paid £250 compensation to Mr Z for the worry and inconvenience he's experienced because of the second transfer of £10,000 from his old ISA account.

This amount of compensation (£250) seems fair and reasonable to me, given what happened. As such, I won't be instructing Santander to pay any further compensation beyond this amount. In reaching this position I've considered the impact of what's happened here on Mr Z, as well as the general framework which this service uses when assessing compensation amounts – details of which are on this service's website.

All of which means that my provisional decision is that I uphold this complaint in Mr Z's favour and instruct Santander to make a further payment of £450 to him – as a reimbursement of the interest he'd missed out on – in addition to the compensation that they've already paid.

In my provisional decision letter, I gave both Mr Z and Santander the opportunity to respond and provide any comments or new information they might wish me to consider before I moved to issue a final decision. Mr Z confirmed that he was happy to accept my provisional decision, whereas Santander did not respond.

As such, I see no reason not to issue a final decision here wherein I uphold this complaint in Mr Z's favour on the basis explained above. And I therefore confirm that my final decision is that I do uphold this complaint in Mr Z's favour on that basis accordingly.

Putting things right

Santander must make a payment of £450 to Mr Z as reimbursement of interest that Mr Z lost out on because of Santander's mistake.

My final decision

My final decision is that I uphold this complaint against Santander UK Plc on the basis explained above.

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

Paul Cooper
Ombudsman