

The complaint

Mrs W complains that Barclays Bank UK PLC incorrectly transferred her ISA funds into her current account rather than her new ISA account.

What happened

In April 2023, Mrs W visited Barclays and completed an ISA transfer form to transfer her ISA funds into a new ISA account. However her funds were transferred to her current account resulting in a loss of interest. Mrs W wants the funds transferred into a new ISA.

Barclays issued a final response letter dated 31 July 2023. It apologised for the error made when it processed Mrs W's ISA transfer requests. It said that it would transfer the payments from Mrs W's current account to her ISA account and automatically backdate interest for the period that interest wasn't accrued. It said the interest would be credited on the ISA maturity date of 12 April 2025. As an apology for the poor service provided it credited Mrs W's account with £450. However, following this, Barclays said that the transfer from Mrs W's ISA to her current account was her decision. It said that once the transfer had been made from the ISA to the current account the funds lost their tax advantage. It said that it couldn't transfer the funds back to Mrs W's ISA.

Mrs W referred her complaint to this service.

Our investigator upheld this complaint. She said that Barclays should put the money from Mrs W's current account into a new ISA as requested on her ISA transfer form dated 13 April 2023. She said that any loss of interest should be added from the date the transfer form was received to the date the transfer was completed.

Barclays didn't accept our investigator's view. It reiterated that the transfer to Mrs W's current account was based on her instruction and so it didn't accept it had done anything wrong.

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.

From the information provided, I accept that it was Mrs W's intention to transfer her funds from her ISA into a new ISA. Unfortunately, this didn't happen and the funds were transferred to Mrs W's current account. I have looked through the evidence provided to see if the transfer to Mrs W's current account occurred due to a mistake by Barclays or whether this request was made, as Barclays has said, by Mrs W.

Mrs W completed an ISA transfer form a copy of which has been provided. This was completed in branch on 13 April 2023 and the form is date stamped as being received on 17 April 2023. The form requests the transfer of Mrs W's funds from her ISA to a new ISA. So, at this point it is clear that Mrs W had instructed Barclays to transfer her ISA funds into the new ISA that had been set up.

A phone call took place on 14 April 2023, between Mrs W and Barclays. At the start of the call, Mrs W says that she wants to close her accounts and that she visited the branch the day before and her ISA account had been sorted and that the staff member was likely to get in touch with the team she was talking to about this. The adviser notes the accounts in Mrs W's name and takes Mrs W through the closure process. The adviser asks for Mrs W's bank account number which she provides. The adviser then says about moving the funds from the ISA and the funds losing the tax wrapper, but Mrs W says that this was sorted in branch the day before and the money was being moved into another ISA. There is no further discussion about the ISA funds not being moved to another ISA despite Mrs W's comment. So, having listened to this call I find that Mrs W was expecting her ISA funds to be moved from her ISA account into the new ISA account as had been arranged in branch and then her account to be closed. On the call she doesn't say that she no longer wants the ISA transfer to happen, but instead she provides her account details at request of the adviser and clearly says her ISA money was being moved to another ISA.

Given the above, I find, on balance, that there was a mistake in the communication about Mrs W's ISA funds and these should have been transferred as arranged in branch and in line with the transfer form. Because of this I find the fair outcome for Barclays to put the funds that were moved from Mrs W's ISA to her current account into her new ISA and any loss of interest should be added from the date the transfer form was received to the date the transfer is completed.

Putting things right

Barclays should put the funds from Mrs W's current account into a new ISA as per her request on her ISA transfer form dated 13 April 2023. Any loss of interest should be added from the date the transfer form was received to the date the transfer is completed.

My final decision

My final decision is that I uphold this complaint. Barclays Bank UK PLC should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 9 May 2024.

Jane Archer
Ombudsman