

The complaint

Mrs C is unhappy that Barclays Bank UK PLC didn't return an ISA transfer that hadn't been received by them correctly, back to the ISA held with another provider from whence it came.

What happened

On 25 February 2023, Mrs C endeavoured to transfer £40,000 from an ISA she held with another provider to a Barclays ISA. However, Mrs C received a letter from Barclays dated 7 March 2023 which explained that Barclays considered the £40,000 transfer to have been a new payment into the ISA rather than an ISA transfer.

Barclays letter also explained that because Mrs C had already utilised her full ISA subscription for that year, Barclays were obliged to return the £40,000 payment received, and that the £40,000 would be moved to her current account accordingly.

Mrs C rang Barclays upon receiving this letter and said she didn't want the money moved to her current account because then it would be considered to have left the ISA wrapper. Instead, Mrs C asked Barclays to return the payment to the ISA that she held with a different provider from where the payment had originated.

Barclays explained that their ISA team were very busy at that time but that her money would be returned to the originating ISA within 14 days. After 14 days, with the £40,000 not having been sent back to the originating ISA, Mrs C called Barclays again and was told that someone would investigate the matter and call her back. Mrs C didn't receive a call back, and so she called again, but again without success. And Mrs C made several further calls and branch visits trying to arrange for the return of her £40,000 to the originating ISA.

Eventually, on 25 August 2023 – six months after Mrs C had transferred the £40,000 to Barclays from the originating ISA – Barclays did attempt to transfer the £40,000 back to the originating ISA. But the provider of the originating ISA declined the transfer because the money was being sent from a current account and so wasn't money held within an ISA wrapper. Mrs C wasn't happy about this and felt that Barclays delays in returning her money to the originating ISA meant that she was now in danger of losing £40,000 from her ISA wrapper. So, she raised a complaint.

Barclays responded to Mrs C and confirmed that they didn't feel they'd done anything wrong in how they'd administered Mrs C's money. But they did accept that Mrs C had received poor service from them regarding the number of times she'd had to speak with Barclays about this issue. And Barclays apologised to Mrs C for this and made a payment of £100 to her by way of compensation. Mrs C wasn't satisfied with Barclays response, so she referred her complaint to this service.

One of our investigators looked at this complaint. They felt the response that Barclays had issued to Mrs C's complaint already represented a fair resolution to what had happened. Mrs C 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 14 March 2024 as follows:

It seems clear that the only reason that there has been any issue here is because Mrs C didn't instruct the transfer of £40,000 in a specific manner such that Barclays could accept it as a formal ISA transfer. And had it been the case that Mrs C had instructed this transfer in the correct manner, then Barclays would have accepted it as an ISA transfer and there wouldn't have been any cause for any complaint.

But it also seems clear to me that Mrs C was attempting to transfer £40,000 that was legitimately held in her originating ISA to her Barclays ISA. And because of this I feel that a fair outcome here should be that the £40,000 is considered to have remained in an ISA wrapper and is accepted by Barclays as an ISA transfer.

I also feel that Barclays did unfairly delay the returning of the incorrectly transferred £40,000 back to the originating ISA – from where Mrs C could have re-instructed the transfer of that £40,000 back to her Barclays ISA on the correct basis as a formal ISA transfer. And this is because I find Mrs C's testimony about the conversations that she had with Barclays following her receipt of the 7 March 2023 letter to be convincing. And I note that Mrs C's testimony aligns with the limited contact notes and call recordings that Barclays have been able to provide.

Ultimately, what I feel should have happened here is that Barclays should have returned the £40,000 to the originating ISA and shouldn't have transferred that money to a current account and thus removed it from the ISA wrapper. And I'm satisfied from Mrs C's testimony and Barclays contact notes that Mrs C did likely speak with Barclays in mid-March 2023, at which time she was told that the money would be returned to the originating ISA within 14 days. But Barclays didn't do this, and I feel that by not doing so they have treated Mrs C unfairly. And so, I will be provisionally upholding this complaint in Mrs C's favour.

Accordingly, my provisional instructions to Barclays are that they must accept the £40,000 into Mrs C's Barclays ISA as a formal ISA transfer from 1 April 2023 – which I feel is a date by which Barclays should have returned the money to the originating ISA and by which time Mrs C could have correctly re-instructed the transfer. Barclays must then credit interest to Mrs C's ISA in line with what would have been earned on that £40,000, had it been present in the ISA from 1 April 2023 onwards.

I'm aware that Mrs C has transferred some of her £40,000 from Barclays since this complaint has been raised. Should it be the case that my final decision on this complaint is a confirmation of this provisional decision, then my instructions to Barclays above would be dependent on Mrs C returning the money she'd transferred from Barclays back to Barclays. Finally, Barclays must make a payment of £300 to Mrs C's current account as compensation for the frustration and worry that their non-returning of the £40,000 to the originating ISA in a timely manner has caused. This £300 is in addition to the £100 compensation that they've already paid to Mrs C, so that the total compensation amount is £400.

In arriving at this amount, I've considered the impact of Barclays delays on Mrs C, as well as the general framework this service uses when assessing compensation amounts – details of which are on this service's website. And, having done so, I feel that a total compensation amount of £400 is a fair amount.

Mrs C responded to my provisional decision and confirmed that she was happy to accept it and that she had the relevant funds ready to return to Barclays upon the issuance of my final decision.

Barclays also responded to my provisional decision and said that they didn't feel that they should be instructed to return Mrs C's money to her ISA because Mrs C had initially transferred the money incorrectly. I appreciate Barclays position here. However, as explained, it's clear that Mrs C intended to complete an ISA transfer. And I also continue to feel that had Barclays returned the transferred money to the originating bank in a timely manner that it would in all likelihood have been accepted by the originating bank back into Mrs C's ISA with them, from where Mrs C could have re-instructed the ISA transfer correctly.

Ultimately, it remains my position here that a fair outcome is that the £40,000 Mrs C intended to transfer as an ISA transfer to Barclays – and which Barclays didn't promptly return to the originating bank – should be returned to an ISA wrapper for Mrs C on the basis as explained in my provisional decision above. And, while I understand that Barclays are concerned about the ISA scheme rules, it is within my authority, in the interests of fairness, to formally instruct Barclays to return Mrs C's £40,000 to her ISA – which I hereby formally do.

Putting things right

Barclays must accept the £40,000 into Mrs C's Barclays ISA as a formal ISA transfer from 1 April 2023.

This is dependent on Mrs C returning to Barclays the portion of the £40,000 that she's transferred away from them within 60 days of the date of this letter. Should Mrs C not return the relevant money to Barclays within 60 days, then Barclays should accept the portion of the £40,000 that remains with them in Mrs C's Barclays ISA as a formal ISA transfer from 1 April 2023.

Barclays must then credit interest to Mrs C's ISA in line with what would have been earned on that £40,000 (or the alternative relevant amount), had it been present in the ISA from 1 April 2023 onwards.

Finally, Barclays must pay a further £300 compensation to Mrs C.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 22 April 2024.

Paul Cooper
Ombudsman