

The complaint

Mrs D complains that Skipton Building Society failed to follow a reasonable process relating to the transfer of her Online Lifetime Cash ISA ('LISA') to another business.

What happened

Mrs D is represented by Mr D in bringing her complaint. She has held her LISA with Skipton since June 2017.

In April 2023, Mrs D sought to open an account with Nottingham Building Society (trading as Beehive Money) and have her LISA transferred to it, in full. She therefore asked Skipton to make the transfer to Beehive. This needed to take place within 30 calendar days of Mrs D's transfer request.

On 4 May 2023, Skipton sent the required transfer history form to Beehive. It followed this up with an email the following day. However, Beehive explained to Mrs D that it had not been received.

On 11 May 2023, Skipton reinstated Mrs D's account as the transfer hadn't taken place. On 15 May 2023, Skipton sent a second the transfer history form to Beehive.

However, Beehive still couldn't complete the transfer, because it had been wrongly sent to it as 'closed' – meaning it could not open or fund an account for Mrs D under HMRC rules.

Mrs D thereafter complained to both Skipton and Beehive about the failed transfer.

On 24 May 2023, Skipton issued a final response to the complaint, upholding it. It said it had identified that it had made an error when passing HMRC information for Mrs D to Beehive. However, it had rectified this and was working with Beehive to complete the transfer. It also confirmed that any interest would be backdated so Mrs D would not suffer any financial loss. Nonetheless, to recognise the upset its mistake had caused, Skipton sent her £100 compensation – and this was duly accepted by Mrs D.

On 2 June 2023, Skipton issued a further written response to the complaint. It reiterated that the transfer history form required by Beehive had been sent to it by post on 4 May 2023 and by email the following day. That the first letter had not been successfully delivered was not Skipton's fault, and it duly resent the form by post on 15 May 2023 – within the 30-day transfer limit. It therefore did not believe it had done anything else wrong.

Mr D then brought complaints on behalf of Mrs D about both Skipton and Beehive to this service. They said that they felt Beehive had caused the issues in preventing the transfer – but both parties had blamed one another at Mrs D's expense. Principally, they felt Beehive shouldn't have sent the funds back in the first instance, as it forced Skipton to do a second transfer.

On 20 June 2023, Skipton told Mrs D that she needed to open a new account, and it would reinstate the LISA status with HMRC. It explained it would amend the system to allow an

application for Mrs D despite her having passed the age limit (of 40) to open a new LISA. The new account was set up the following week. However, Beehive had not returned the transferred funds at that time.

Mrs D then asked Skipton to confirm the status was restored and start the transfer again.

Ongoing emails continued with the parties, with Mrs D explaining to both Beehive and Skipton that she felt her funds were being held to ransom.

On 17 August 2023, Skipton told Mrs D that it still had not received the funds back from Beehive, but it was happy to reinstate the LISA if Beehive could not continue with an account for her.

That same day, Mrs D told Beehive that she wanted the LISA transferred back to Skipton without any further delay.

Accordingly, the LISA funds were received back from Beehive by Skipton later that month.

An investigator then issued his opinion on this Skipton complaint. He believed that Skipton had taken adequate steps to resolve the complaint before the matter was referred to this service, including providing a fair response and reasonable compensation for the identified error.

However, he did feel that though Skipton wasn't at fault for having to resend the LISA paperwork to Beehive again, it did make a further error in resending it using a 'closed' status rather than a 'transferred' one; this meant Beehive didn't action the transfer within the timescale and the LISA was returned to Skipton.

Our investigator therefore believed that Skipton ought to inform Mrs D (as he suspected was the case) that she hadn't been financially disadvantaged by confirming that she had received interest on her LISA during the transfer delay. He also felt a further £150 should be paid to Mrs D by Skipton for the additional error, bringing the compensation to £250 in total.

Mr D said Mrs D didn't accept the investigator's view, as it was unclear if the LISA had been reinstated properly – Mrs D still hadn't been able to fund it with £4,000 for the current tax year, and this money had been put aside for several months. They also questioned whether Skipton should now force Beehive to undertake the transfer again, as it wasn't Mrs D's fault that it could not be completed, and she could lose out on preferential interest rates. Mr D said Mrs D wanted her complaint to be reviewed by an ombudsman.

Skipton accepted the view. It said it would provide confirmation from its relevant department that Mrs D's LISA had continued to earn interest from 15 May 2023, as backdated.

In October 2023, Mrs D made a further complaint to Skipton. She said she still couldn't fund her LISA for the current tax year, and this had caused her considerable upset and loss of the ability to earn interest.

Skipton confirmed on 5 March 2024 that it had been able to get HMRC to confirm that Mrs D's LISA had been reinstated and the annual bonus paid for that year.

This complaint was thereafter 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.

I'd like to thank the parties for their considerable patience whilst this matter has awaited referral to an ombudsman, given the current demand for this service. I also appreciate that both parties have continued to liaise with our investigator about Mrs D's concerns.

I agree this complaint should be upheld, for principally the same reasons put forward by our investigator. That means I am also of the view that a further £150 ought to be paid to Mrs D. I appreciate the depth of feeling Mr and Mrs D have regarding this matter; I understand they may take a different view on the amount of compensation put forward, but I'll summarise my reasons for reaching my conclusion below.

This service's role is to investigate disputes and resolve complaints informally, whilst taking into account relevant laws, regulations and best practice. In reaching my decision, I'll focus on the issues I believe to be central to the complaint to decide what I think is fair and reasonable in all of the circumstances. We are not a court; and though there are rules I may rely on in respect of complaint handling procedures, I am not required to comment on each point or make specific determinations on every submission put forward by the parties.

I believe it would be helpful if I explain the parameters of this complaint. This decision concerns the complaint put to Skipton by Mrs D in May 2023, which centres on the failed transfer of the LISA to Beehive – that being the consequence of any lost interest and the status of the annual bonus. I can only look at Skipton's actions or inactions in the context of this complaint, as Beehive is a separate business.

I also recognise that a further complaint has now been made in October 2023, relating to Mrs D's inability to fund the LISA for the current tax year whilst the status of the LISA was suspended following reinstatement. In that second matter, Mrs D was concerned about her inability to fund the LISA for that tax year. However, that is a separate complaint. If the matter remains unresolved, then Mrs D remains free to pursue that complaint with this service, if applicable.

Like our investigator, I don't believe Skipton was at fault for the first transfer history form not being received by Beehive – this was caused by the third party postal service, not Skipton. It had duly evidenced the information sent by email the day after providing the postal copy. However, due to the nature of LISA's, detailed HMRC correspondence is required to be sent by Royal Mail, and consequently, a full transfer process couldn't be done electronically.

However, Skipton did make a mistake in the HMRC code used when sending the second form. And its systems 'closed' the LISA at its end – which duly caused an issue with Beehive registering the new account with HMRC. All in all, this meant the transfer couldn't be completed within the required timescale, and Beehive had to then manually return the funds to Skipton. Consequently, this took in excess of three months to sort out.

It is clear from the notable volume of correspondence in this complaint, that when chasing both parties, Mrs D was understandably frustrated and at the end of those three months she asked Beehive to send the funds back to Skipton – thus ending any transfer requirement. That meant that the duty fell on Skipton to ensure Mrs D hadn't suffered any financial loss in the interim, because the failed transfer was not her fault.

I am satisfied that Skipton has now demonstrated that Mrs D hasn't lost out financially. It has supplied information to show that the LISA status has been restored, with missed interest being made up and the annual 25% bonus paid into the LISA for the relevant tax year. I therefore agree with our investigator that there hasn't been a monetary loss and I don't need to make any direction about that.

What this service does is consider if a business has treated its customers unfairly because of actions or inactions. And if it has done so, we then go on to consider what ought to be done to put the mistake(s) right. In this case, that was to restore the LISA to its original position, without financial detriment to Mrs D in terms of either interest earned and the preservation of its status to ensure the ongoing 25% annual bonus was added.

I hope Mr and Mrs D recognise that I cannot ask Skipton to do anything else in relation to this specific complaint (beyond what has already been agreed for compensation). That's because it has used the correct approach to putting Mrs D back in the position she should have been in with her LISA, had the error with transfer not occurred. However, I also agree with our investigator that I believe additional compensation beyond the £100 already paid to Mrs D is appropriate.

As well as putting right any financial losses in a complaint (though there are none in this circumstance), we also consider the emotional or practical impact of any errors on a complainant. In doing so, we do not fine or punish businesses; that regulatory role falls to the Financial Conduct Authority.

It may be helpful for Mr and Mrs D to review to the guidance available on our website around the amounts and types of awards made in instances of upset, trouble, inconvenience and distress caused by businesses in the complaints we see at this service.

Considering the impact of the error, I believe the proposed total payment of £250 (so, an extra £150 in addition to the £100 already accepted by Mrs D) is reasonable in circumstances where Mrs D wasn't able to take up the full ISA transfer to Beehive following an error by Skipton; she then waited several months for the LISA to be put back in place, which caused her notable upset and frustration in relation to her concerns about the bonus and status of the LISA. Overall, £250 is an amount I believe appropriate for the impact of an error of this nature.

Putting things right

I believe that Skipton has taken reasonable steps to resolve Mrs D's complaint, by recognising its error as well as agreeing to pay additional compensation for the ongoing impact of the mistake with its system showing the LISA as 'closed' rather than 'transferred'. It has also ensured that Mrs D has not suffered any financial loss as a consequence. For the reasons set out above, I think this total offer is fair in all the circumstances. So my decision is that Skipton should pay the additional £150 to Mrs D, if it has not yet made that payment to her.

My final decision

For the reasons explained, I uphold this complaint. I direct Skipton Building Society to pay Mrs D £150. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 11 November 2024.

Jo Storey
Ombudsman