

The complaint

Mrs B and Mr B are unhappy that Shawbrook Bank Limited placed their matured ISA funds into a low interest-bearing account pending transfer to another ISA provider.

What happened

Mrs B and Mr B had a fixed-term cash ISA with Shawbrook that matured on 30 October 2023. Mrs B and Mr B notified Shawbrook in advance of the ISA maturity that they would transfer the ISA funds to different provider upon maturity.

At the same time, Mrs B and Mr B also asked Shawbrook to place the matured ISA funds into Shawbrook's easy-access cash ISA product while the ISA transfer was completed, so that the funds benefited from the 4.6% interest rate that Shawbrook's easy-access cash ISA offered while the ISA transfer was being processed.

However, Shawbrook refused to do this, and instead placed the matured ISA funds into a matured funds account that offered only 0.1% interest while the ISA transfer was being completed. Mrs B and Mr B weren't happy about this, so they raised a complaint.

Shawbrook responded to Mrs B and Mr B and said that they didn't feel they'd done anything wrong by administering the ISA funds as they had. Mrs B and Mr B weren't satisfied with Shawbrook's response, so they referred their complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Shawbrook had acted unfairly in how they'd managed the situation. Mrs B and Mr B 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 18 April 2024 as follows:

Shawbrook have explained that when a fixed-term ISA matures, the options that they give to their ISA account holders include that they can transfer the funds out to another provider or move the funds to another Shawbrook ISA product. And Shawbrook don't give their ISA account holders the option to move their matured ISA funds to another Shawbrook ISA product pending a planned transfer out.

But there's nothing to prevent a Shawbrook ISA account holder moving their funds to Shawbrook's easy-access cash ISA and then instructing a transfer out to another provider from that easy-access product once the ISA funds have been moved into it.

As such, I feel that this possibility should have been explained to Mrs B and Mr B – which would have resulted in the outcome that Mrs B and Mr B were seeking – rather than Shawbrook simply telling Mrs B and Mr B that they could either instruct a transfer out or

move the matured ISA funds to a new Shawbrook ISA.

Additionally, because Shawbrook elect to hold matured ISA funds pending transfer to another provider in an account that only pays 0.1% interest, it seems clear and apparent to me that Mrs B and Mr B have lost out on interest that they could and fairly should have obtained on the matured ISA funds, in line with their wishes.

It therefore feels fair to me that Shawbrook should pay Mrs B and Mr B the interest that they've lost out on here – which is the amount that the ISA funds would have earned had they been in Shawbrook's 4.6% interest paying easy-access cash ISA until the transfer out to the other provider was completed, minus the interest that Mrs B and Mr B did earn in the low-interest bearing account that Shawbrook held them in. Accordingly, I'll be provisionally upholding this complaint in Mrs B and Mr B's favour on that basis.

I'll also be instructing Shawbrook to pay a further £150 to Mrs B and Mr B as compensation for the frustration and inconvenience they've incurred surrounding this matter. In arriving at this compensation amount, I've considered the trouble and upset that Mrs B and Mr B have experienced here, which I feel that they reasonably shouldn't have, as well as the general framework that this service uses when assessing compensation amounts – details of which are on this service's website.

Shawbrook responded to my provisional decision and said that they wouldn't have been able to take any action other than they did here because Mrs B and Mr B had provided instructions to them, prior to the maturity of their ISA, to transfer the balance of their ISA to an alternative provider upon maturity. And Shawbrook note that they were duty bound to comply with those instructions.

I'm in agreement with Shawbrook on this point. But I feel that Mrs B and Mr B gave their pre-maturity instructions to Shawbrook without being made aware of all the relevant facts by Shawbrook.

Importantly, this includes that if Mrs B and Mr B chose to instruct Shawbrook to transfer their ISA balance to a new provider at the point of maturity, then it might be the case that their money would be held in a minimal interest paying account for an unspecified length of time while the transfer was being completed.

And I feel that had this important point been explained to Mrs B and Mr B, that they most likely would have taken alternative action such as I suggested in my provisional decision – given that the accrual of interest on ISA balances is one of the major points of attraction for consumers holding an ISA account.

Accordingly, it remains my position that Shawbrook haven't treated Mrs B and Mr B fairly. And I therefore confirm that my final decision here is that I uphold this complaint in Mrs B and Mr B's favour on the basis described in my provisional decision above.

Putting things right

Shawbrook must pay Mrs B and Mr B the interest that their ISA funds would have earned had those funds been in Shawbrook's 4.6% interest paying easy-access cash ISA until the transfer out to the other provider was completed, minus the interest that Mrs B and Mr B did earn in the low-interest bearing account that Shawbrook held their money in.

Shawbrook must also pay a further £150 to Mrs B and Mr B.

My final decision

My final decision is that I uphold this complaint against Shawbrook Bank Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 17 June 2024.

Paul Cooper
Ombudsman