DRN-4822996

Financial Ombudsman Service

The complaint

Mr G complains that Barclays Bank UK Plc incorrectly sold his shares when he requested a transfer of cash held in his stocks and shares ISA to his cash ISA.

What happened

In November 2023 Mr G opened a cash ISA with Barclays and called to request a transfer of £8,200, from his Barclays stocks and shares ISA to the new cash ISA. However, a full ISA transfer was requested instead which meant all assets in his stocks and shares ISA were sold on 13 December 2023 at a price of £17,144.61. When Mr G became aware of this, he bought them back at a cost of £17,743.12 and the trades settled on 18 December 2023. Mr G complained and in February 2024 Barclays offered £200, but didn't agree to pay him the difference in the cost of the shares.

Mr G brought the complaint to our service, and in April 2024 Barclays offered to pay Mr G £598.51 plus 8% simple interest from 18 December 2023 to the date of settlement, which totalled around £13 at the time of the offer. They also offered a total of £400 (including the £200 original offered) for not recognising the financial loss earlier. An investigator at our service considered this offer and found it to be fair, which he explained to Mr G.

Mr G didn't agree as he felt the interest payment ought to run from 15 December 2023 to 30 April 2024 which totalled £14.38. He also felt the amount of compensation ought to be £600 so in total he asked that Barclays pay £1,212.89. In summary he explained he'd spent more than 45 hours of his time on this and had lost faith in Barclays to the point where he moved all his accounts away. He felt he hadn't received a full reason for the error nor had Barclays explained what they would be doing to prevent the error in future. He pointed to the fact that the situation could have been even more complex had the shares not been in an ISA. He also mentioned that he didn't think 20% income tax should be deducted from the interest payment. He later explained he'd be willing to settle for £500, rather than £600.

The investigator wasn't persuaded to change his mind, and Barclays wasn't willing to increase their offer. So, the case has been passed to me for a 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.

Having done so, I agree with the conclusion reached by the investigator, that the offer made by Barclays is fair. There's no argument that Barclays caused the error here – Mr G's shares shouldn't have been sold based on the instructions Mr G gave Barclays by phone.

Before I detail my findings, I want to explain for Mr G's benefit that our service is not Barclays' regulator, so it's not within my power to order Barclays to change its processes or to fine them for problems caused. My role here is to make awards for the financial loss and distress and inconvenience Mr G himself has been caused, as the individual bringing this complaint.

My main aim is to put Mr G back in the position he'd have been in, had the error not occurred. I'm glad to see there is agreement on the amount of financial loss Mr G has incurred of £598.51. As such I won't go into detail of my findings on that point, other than to say I agree with that amount, as it puts Mr G back in the position he'd have been in if his shares hadn't been sold in error. So, the remainder of my decision focuses on compensation, firstly for not having use of the additional money he spent on buying back the shares, and secondly for the distress and inconvenience caused.

Barclays has offered 8% simple interest from 18 December 2023 to the date of settlement of the complaint. This means the figures being discussed previously were just indicative amounts and Barclays agreed to run the interest calculation once the complaint is settled. 8% is a compensatory amount of interest – generally higher than that available in savings accounts - designed to make up for loss of use of the additional money. I consider it a fair rate of interest to use and I'm also in agreement that it should run until the date of settlement.

I've considered Mr G's comments that the interest should start from 15 December 2023, as this is the date he placed the trades. I can see that the trades settled on 18 December, and they appear to have settled in line with normal dealing time frames for the respective types of assets. So, I don't consider this as an unfair date for the interest payment to run from – and I note the additional interest requested is minimal, amounting to less than £0.50.

I can see that Mr G has argued that no tax should be deducted from the interest payment, as he hasn't utilised his savings allowance this tax year, so wouldn't be paying tax on this amount of interest. It's not unusual that firms deduct 20% from an interest award automatically due to their interpretation of tax laws, and I don't consider Barclays' approach to this unfair. It would also be costly to adjust this on a case-by-case basis, so having a blanket approach isn't unreasonable for the deduction. However, I would expect Barclays to provide Mr G with a tax deduction certificate, upon request. This will allow Mr G to reclaim the tax from HMRC, if he's eligible to do so.

I've gone on to consider the distress and inconvenience caused. It's clear that Barclays should have simply followed Mr G's instructions to only transfer a certain amount of cash, and if they'd done so he wouldn't have needed to go to the trouble of re-buying his shares. It's also disappointing that they didn't recognise the error when first investigating the complaint – or when Mr G appealed the decision prior to coming to our service.

In general, we don't make awards based on how many hours a complainant has spent dealing with a case, or for instance per phone call that was made. Nor do we take into account hypothetical situations – like Mr G's point that this could have been much worse if the shares weren't in an ISA. Instead, we focus on the facts of the individual case and the overall impact of the error.

I've considered the overall timeframe that Barclays was causing Mr G frustration here. It took just over four months from December 2023 to the date Barclays agreed they'd caused Mr G financial loss, though I note they did partially uphold his complaint in February. I've considered what I know of Mr G's personal circumstances to understand if he was caused any additional inconvenience by being out of pocket for the additional amount he paid for the shares. It appears the additional amount he had to spend to rebuy them didn't materially impact him – for instance it didn't cause him to be in financial difficulty.

I've considered the steps Mr G had to take that shouldn't have been necessary – for instance his call to Barclays on 15 December to rebuy the shares. I can see from Barclays' notes and Mr G's submissions, that he made many phone calls to Barclays about this issue after the complaint was raised. I appreciate this was clearly an important issue to him, but Barclays had eight weeks to look into his complaint and they replied in that time frame. So, I wouldn't consider it fair to award further compensation for the fact Mr G felt he needed to keep calling Barclays to ask them about the complaint, after December 2023, as they'd confirmed they were already investigating.

I can see Mr G has said that the issue caused him to lose faith in Barclays' ability to administer his accounts, so he moved elsewhere. This shows me how disappointing Mr G found this series of events. While I've taken that disappointment into account, I'm not convinced it would be fair to compensate Mr G for the inconvenience he experienced in moving to a different provider. This is because this was an isolated incident – for instance I've not seen evidence that Barclays caused him so many issues that he reasonably had no choice but to leave.

Overall, having considered the disappointment and frustration caused, and the inconvenience that I'm satisfied Barclays is responsible for, I consider an award of £400 to be fair and reasonable. In summary, to put things right, Barclays should pay Mr G:

- £598.51
- Simple interest at a rate of 8% per annum on £598.51 from 18 December 2023 to the date of settlement
- £400 for the distress and inconvenience caused

If Barclays considers that it's required by HMRC to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

My final decision

I uphold this complaint. Barclays Bank UK Plc should pay Mr G compensation calculated as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 January 2025.

Katie Haywood
Ombudsman