

The complaint

Mr L complains about the delayed transfer of his ISA, from his Smart Investor ISA ('ISA') account to an Instant Cash ISA ('cash ISA') account, by Barclays Bank UK PLC ('Barclays').

He says that the delay prevented him from investing as he'd planned to, causing him to miss out on higher interest rates. So, to put things right, he'd like compensation for losses suffered. He doesn't accept that the latest offer of compensation from Barclays is fair or reasonable.

What happened

In early June 2024, I issued my provisional decision, a copy of which is stated below and forms part of my final decision. In that decision I said:

"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, subject to any further submissions, provisionally I'm going to uphold this complaint.

Because Barclays upheld the complaint, the key issue for me to consider is redress and whether or not it's reasonable in the circumstances. Having done so, I'm not persuaded that it is. The latest redress offered by Barclays doesn't take into account the whole cash sum that was transferred or what Mr L was likely to have done.

Provisionally I'm minded to uphold this complaint for the following reasons:

- Barclays quite rightly accepts that it failed to carry out Mr L's transfer instructions in good time.*
- I note that it was a very busy time, but even allowing for the full 30 days within which to complete the transfer it was still delayed roughly by another 49 days. This is the period that Mr L was without any control of his funds.*
- I note that Barclays also accepts that it failed to keep Mr L informed and manage his expectations about when the transfer was likely to happen. I can see why Mr L thinks that matters only progressed after he contacted Barclays's CEO. But in any case, I think the £400 compensation paid for the distress and inconvenience caused is broadly fair and reasonable. I note Mr L has already accepted this and the money has been paid to him.*
- In the circumstances I don't think Barclays' latest offer to pay the lost interest is fair because it doesn't take into account the whole cash sum that Mr L would've had available to invest, 49 days sooner than he did, at the rate of interest that would've been available at the time.*
- Based on what Mr L did, once the funds were available in the cash ISA account, I'm satisfied that his plan was – more likely than not – to invest in various ISA and probably non-ISA accounts with higher interest rates. So, the 8% interest rate suggested by Mr L isn't suitable in the circumstances and it's not a rate that he would've got in any case.*

- *I don't think having initially arranged to transfer his ISA to the cash ISA account is evidence of his intention to keep the money in there long term. I've seen no persuasive evidence that this was the case.*
- *Put differently, I don't believe that Mr L would've left the funds in that account earning 0.7% interest, when other accounts were paying higher interest rates at the time.*
- *I accept that without the benefit of hindsight, and notwithstanding the documentation provided by Mr L, it's difficult to know exactly what he would've done. I note that there were a number of options available to him, but there's no accurate way of knowing which options he would've chosen.*
- *In the circumstances I don't think using the benefit of hindsight is a fair way of gauging what he would've done and allowing him to pick ISA and non-ISA accounts with the highest interest rates wouldn't be fair to Barclays.*
- *But despite what Mr L says, his compensation for loss of interest is still determined by what he was likely to have done with the funds at the time.*
- *An approach might be to look at what Mr L did (once he received his money) and base the redress calculation on that, 49 days earlier, as suggested by the investigator. But this is a complicated process and still doesn't really account for what Mr L would've done. Put differently, this assumes that he would've done the same thing just 49 days sooner which isn't necessarily correct.*
- *In the circumstances I think a fair and reasonable approach would be to use an average (estimated) rate of interest for high interest 'notice' and 'non-notice' ISA accounts and six to 18 months fixed rate bond accounts, over the months of April and May 2023 (which is when he's likely to have been able to invest at the earliest), and use that to calculate redress on the full £96,750, for a period of 49 days. This broadly accounts for the different opportunities that would've been available to him.*
- *Having considered Moneyfacts for the month of April 2023 and May 2023, I've concluded that 4% would be a fair representation of the higher interest rate that was available at the time.*
- *I appreciate this isn't an exact science, and that Mr L didn't invest all of his money in one product, and might not have stayed in a single product either, but I think it's a fair and reasonable way forward.*
- *For the purposes of calculating redress, like Barclays, I've also assumed that the investments would've been made on the same day but 49 days earlier.*
- *From the interest amount, Barclays should deduct the £149.24 interest already paid.*
- *Barclays should also pay the redress sum into Mr L's ISA, unless it is impractical to do so, in which case it should pay Mr L the cash amount.*
- *Barclays should only deduct tax if it is entitled to do so. If it is, it should provide Mr L with the relevant tax documentation so that he may reclaim any tax if he's entitled to do so.*
- *In the circumstances I think Mr L should assist with Barclays calculating the redress if required, and reasonable to do so.*
- *I'm mindful that Mr L has already received £400 compensation for distress and inconvenience. Along with what I have suggested, I think the redress is overall fair and reasonable."*

I gave the parties an opportunity to respond to my provisional decision and provide any further submissions they wished me to consider before I considered my final decision, if appropriate to do so.

Barclays responded and accepted my decision. It had no further points to add.

Mr L also responded and accepted my provisional decision but made the following observations:

- He's grateful that I'd given a great deal of thought to all the issues raised and agreed with his contention that Barclays' offer was inappropriate.
- He found my account of his complaint extremely comprehensive, and I'd clearly outlined the difficulties of deciding an appropriate level of compensation.
- Whilst he doesn't think it completely returns him to the position he would've been in, but for the delay, he respects that there were a number of possibilities, if the delay hadn't occurred.
- He recognises the fairness of the calculation method I've used to determine that an interest rate of 4% should be applied to the period of 49 days.
- He calculates this to be £519.53, reduced by £149.24, leading to a payment of £370.29
- Whilst he accepts my provisional decision, he wishes to make the following points:
 - The £400 compensation included an additional £100 to take account of the delays in responding to his complaint.
 - If the sum of £370.29 isn't paid into his ISA account, he'll have to pay income tax. He's not sure if any adjustment can be made or whether it's covered by the £1,000 savings allowance. Given that Barclays is at fault, it should pay the tax amount so that it will leave him with the whole sum of £370.29.
 - Barclays at the time was paying 4.2% for a two-year fixed term cash ISA. If that rate was applied, it might compensate for the tax that he'll have to pay.
 - Whichever interest rate and amount is determined, he's been without these funds since the cut-off point. Keeping things simple, he's not received compound interest.
 - Whether or not I amend my provisional decision, he's grateful for me bringing this matter to an end.

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, in light of Mr L and Barclays accepting my provisional decision to uphold this complaint and pay redress, my decision remains the same, principally for the same reasons as set out in my provisional decision.

I'm very grateful for Mr L's kind observations regarding my provisional decision. However, having considered his points I'm satisfied that no new material points have been made that persuades me I should change the redress I awarded in my provisional decision.

On the face of the evidence, and on balance, despite Mr L's latest submissions, I still think this complaint should be upheld and redress paid as suggested in my provisional decision – and final decision below – principally because I think it's a fair and reasonable award.

Putting things right

To put things right, I think Barclays Bank UK PLC, should calculate, and pay redress as set out below:

- Pay interest on the £96,750, using a rate of 4%, for a period of 49 days.
- Deduct the interest payment already made (in the sum of £149.24) from the final sum.
- Deduct tax, only if Barclays is entitled to so do, but provide the necessary tax documentation, so that Mr L can claim the tax back if he's eligible to do so. Otherwise

- pay the full amount without tax.
- Pay the final sum into Mr L's ISA unless it's impractical to do so, in which case pay the sum in cash.
- Pay 8% simple interest if the redress isn't paid within 28 days of Mr L accepting the final decision.

My final decision

For the reasons set out above, and in my provisional decision, I uphold this complaint.

Barclays Bank UK PLC should calculate and pay redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 4 July 2024.

Dara Islam
Ombudsman