

The complaint

Mrs K has complained about how Principality Building Society ("Principality") handled an ISA transfer request.

What happened

On 25 October 2023 Mrs K wrote to a new ISA manager to request that £12,000 be transferred from an ISA held with Principality into an ISA with the new provider.

The new ISA manager subsequently wrote to Principality on 27 October 2023 and asked that it provide an ISA history form and a cheque to complete the transfer.

Principality received this letter on 2 November 2023 and responded by sending a cheque to the new ISA manager on the same day. However, it seems that the new ISA manager didn't receive the cheque.

As the new ISA manager had not received a response, it resent the instructions to Principality on 7 November 2023. However, Principality says it ignored this letter thinking it had crossed in the post with its previous letter sent on 2 November 2023.

Getting concerned that the transfer would not go through, Mr and Mrs K contacted Principality and the new ISA manager. On 15 November 2023 Principality agreed to cancel the existing cheque and send the money via BACS. However, Principality had difficulties with this, and was only able to make the transfer once the new ISA provider had confirmed the details of the payment instruction. This resulted in the ISA transfer taking place on 17 November 2023.

Unhappy with how the ISA transfer had been handled, Mrs K complained to Principality.

Principality issued its final response to the complaint on 5 March 2024 and didn't uphold the complaint. In summary, Principality acknowledged that Mrs K was unhappy that it had sent the money by cheque. Principality said that it was entitled to decide how it should operate and that it's not unreasonable to send cheques in the post without them being signed for or tracked. Principality said it is not obliged to send payments electronically although did say that feedback and complaints are considered by its board.

Principality said it was unaware of the BACS issue, until it contacted the new ISA manager and was given a specific payee name. Principality says it received and actioned the ISA transfer request on 2 November 2023, so it reasonably assumed that the letter dated 7 November 2023 from the new ISA manager had crossed in the mail. As the ISA was being transferred from Principality to the new ISA manager, it was the new ISA manager's responsibility to chase up the money if it'd not been received, and it had 15 days to action it, which Principality says it did. Principality says it waited sometime before cancelling the cheque, because cancelling a cheque prematurely can occasionally add to problems in making a payment.

Unhappy with Principality's response to the complaint Mrs K referred her complaint to the Financial Ombudsman Service.

One of our investigators assessed the complaint, but they did not uphold the complaint.

As Mrs K didn't accept the investigator's findings, the matter was referred for an ombudsman's 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 considered everything, I do not uphold this complaint. I will explain why.

Firstly, I should say that I'm aware I've summarised the events of this complaint in less detail than the parties have provided, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do. This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr and Mrs K and Principality have said, before reaching my decision.

I note that in terms of the ISA transfer, it's clear that it did not go as smoothly as it should've and it ended up taking longer than the 15 business day ISA transfer timeframe. I understand that the new ISA manager received the ISA instruction on 27 October 2023 – which meant it had until 16 November 2023 in which to complete the transfer. But the transfer did not occur until 17 November 2023. Therefore, I acknowledge that the ISA transfer was delayed by one day.

When such delays occur, to put matters right this service would recommend that whoever is responsible for the delay reimburse the consumer for any financial loss they may've incurred. In most cases, this is usually any additional interest that they might've missed out on because of such delays.

In this case, I can see that the new ISA manager backdated the interest on Mrs K's 'new' ISA to 7 November 2023, with that being 7 working days after it had accepted the ISA transfer. So I can't see that Mrs K has incurred a financial loss, because any potential loss she may've incurred has already been reimbursed by the new ISA manager. This means I don't think it'd be fair to expect Principality to do any more in this respect, where this part of Mrs K's complaint has already been put right.

I can see that Mr and Mrs K disagreed with Principality's practice of sending funds for an ISA transfer by cheque. They also seem unhappy that when it did this, it did so by sending it by 1st class mail, rather than using a tracked or signed for service. I can see that Mr and Mrs K have provided suggestions to Principality about how it can change its processes for the better - for example by suggesting that it gives the customer a choice of whether they want to pay for the cheque to be sent as tracked or signed for, to ensure it arrives at the intended recipient, rather than just sending it by standard mail.

I don't think it was unreasonable that Principality made the transfer of funds (or at least initially attempted to) by cheque, that was sent to the new ISA manager in the post. Overall, making a payment by cheque is a reasonably safe and standard way of making a payment - given that it can only be paid to the payee stated on the cheque. And, if a cheque were to get lost in the post (as seems to have happened here), Principality has the ability to cancel a cheque and reissue payment if necessary. So again, I don't think the fact the cheque was sent by standard mail was particularly unfair or unreasonable, although I can see that Mr and Mrs K very firmly believe that it is.

As has been explained by the investigator, it is beyond the remit of this service to instruct businesses on how to operate or what processes it should have in place to operate in an efficient manner. Nor is the Financial Ombudsman Service able to fine or punish financial

business for any potential wrongdoing. This service's role is to independently and impartially consider what's fair and reasonable in all the circumstances of an individual complaint. And where we think a business has acted incorrectly, unfairly or unreasonably on a specific issue, we can instruct financial businesses to put matters right for that particular complainant(s).

So, whilst I recognise that Mrs K would like a thorough analysis of Principality's business practices, I don't see that as being necessary in deciding this complaint. Ultimately, Principality is entitled to decide on how it deals with transfers like this. Mrs K expressed concerns about the use of a cheque here and Principality then made the payment in the way she suggested – which shows a flexibility to the situation and which I think is fair and

Finally, I have considered whether it would be appropriate to award Mrs K compensation. After all, I can see that the transfer did not go smoothly and Mr and Mrs K spent a great deal of effort in liaising between Principality and the new ISA manager so as to get the ISA transfer completed. Mrs K says that without their involvement, the ISA transfer won't have happened as quickly as it did.

Having considered Mr and Mrs K's interactions with Principality, it's clear that they took it upon themselves to expedite the transfer and push both Principality and the new ISA manager to take further steps to get the transfer completed. For example, I can see that it was with Mr and Mrs K's involvement that the payment was eventually sent via BACS rather than cheque.

However, although I understand why Mr and Mrs K did that, at the same time, I don't think it is fair to say that Principality should therefore pay Mrs K compensation because of any inconvenience Mr and Mrs K incurred as a result of their decision to intervene in the process. I've no reason to doubt that the transfer would've gone through eventually, albeit later than it should've been, had Principality and the new ISA provider been left to resolve the matter of the missing cheque. And I note that the new ISA manager had assured Mr K when he called up to see if it had received the money that if there is any delay, the interest would be backdated – which it was.

As such, whilst I recognise that Mr and Mrs K have been inconvenienced by these matters, especially in calling both businesses, it does seem that this occurred because they chose to involve themselves in (and manage) the transfer process directly. Because of this, I don't think it is fair to say that Principality should pay Mrs K compensation because Mr and Mrs K chose to intervene, rather than let the two financial businesses resolve the matter of the missing cheque accordingly.

So in summary, I accept that the transfer didn't go as it should've. And I can see that Mrs K had a number of concerns about the transfer process - including whether acknowledgement letters (that Principality says it sent out) were actually posted to her; and why Principality chose to ignore the chaser letter it received from the new ISA provider, rather than act on it. But overall, the new ISA manager backdated the interest on Mrs K's ISA, ensuring she didn't miss out on any interest as a result of the delay in the transfer. And so I don't think that Principality needs to do anything more than what it has already done in relation to this complaint.

My final decision

Because of the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 6 November 2024.

Thomas White
Ombudsman