

The complaint

Ms G is unhappy following the delays she encountered with Zopa Bank Limited when she transferred her cash ISA from another bank.

What happened

Ms G arranged the transfer on 15 January to Zopa from her previous provider. But it took 51 days to complete. Ms G was unhappy about this, as she was transferring to get a better rate, she asked Zopa to cover the lost interest for the delay. Zopa apologised for delays in responding to Ms G. But it said the problem was with the previous ISA provider and that as the previous provider still held the funds Ms G would still be getting interest. Zopa accepted there was a slight delay up until 5 February and offered £50 for any distress and inconvenience caused. Ms G didn't accept this and brought her complaint to this service.

Our investigator upheld the complaint. Zopa claimed the transfer hadn't taken place as the previous provider wasn't showing that the money was moving from an ISA. Our investigator said Zopa had provided no evidence to back up the reasons it gave for the transfer not going through. She noted that with the exact same details the transfer did eventually complete on 6 March. Our investigator said Zopa should pay the loss of interest Ms G had suffered and increase the compensation offer from £50 to £100.

Zopa didn't accept this and asked for the complaint to be passed 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.

Ms G said she was moving from an interest rate of 3.75% to 5.08% with Zopa and that she started the process on 15 January. Ms G noted that such transfers should be concluded within 15 days. Ms G noted that it took 3 ISA transfer requests and 51 days to complete the process. She said communication with Zopa had been poor throughout and it did little to investigate what was going wrong or solve the problem. Ms G felt information she provided was ignored including emails that she forwarded from her previous provider. Questions Ms G put to Zopa went unanswered and Zopa just kept repeating itself rather than engaging with the issues. Ms G calculated her loss of interest at around £150.

Ms G also pointed out that she had invested a lot of time through calls and emails to try and resolve the issues. She felt she had to make all the effort to keep emailing and calling and she found the whole situation frustrating and stressful and said that Zopa lacked "meaningful engagement". Ms G said she had to do this in the limited amount of free time she had. Ms G said she should be compensated for the loss of interest (around £150) and her distress and inconvenience (around £100).

Zopa said Ms G contacted it on 31 January due to the time the transfer was taking. It advised Ms G she would get an email by the end of the week. Zopa did email on 5 February

to confirm the transfer had been cancelled. It said, “*This could be either due to the type of product you hold with them or because you are not able to access your other ISAs funds immediately and you didn’t give us permission to close your ISA early.*” Zopa accepted that this was sent outside the 15 day requirement. It apologised for this.

A further transfer request was made on 17 February and Zopa emailed Ms G confirming this hadn’t gone through correctly either. Zopa said it was a problem with the product at the previous provider.

At this stage Ms G made further attempts to resolve the matter and told Zopa that the previous provider said it was a problem with the way Zopa formatted the address. Zopa didn’t agree.

A third transfer request was made on 5 March and successfully completed the next day. Zopa maintained that the as the previous provider was still holding the funds the previous provider would be applying interest and so Ms G wasn’t losing interest. It said it couldn’t trace any communication from the previous provider.

In conclusion Zopa did accept it had caused a slight delay prior to 5 February and offered £50 as an apology for any distress and inconvenience caused.

There’s no debate about the timings of when Ms G applied for the ISA and when it was completed. And there’s no debate about the number of attempts to arrange the transfer.

I’ve listened to the calls provided by Zopa. And I accept Ms G’s point. She is clear about what the issues are and about what she is hearing from the previous provider. She gives all the information to Zopa, and I accept that Ms G doesn’t see any action based on the information she provides as she continued to have to try and conclude the transfer. It’s clear from the discussions that Ms G is having more productive conversations with the previous provider than she is with Zopa.

Ms G gave this service details of the efforts made by the previous provider. This showed, as far as it was concerned, Zopa was sending information in the incorrect format and it had made repeated attempts to engage with Zopa but didn’t get any response. Later on, Zopa eventually did accept the issue was an address formatting mismatch. But even though this is what Ms G told it all along Zopa said it was the previous provider and an issue with a product mismatch. I think Ms G and the previous provider have been consistent based on the evidence I’ve seen. I think it’s Zopa that hasn’t been consistent. Zopa hasn’t produced details to counter the evidence from Ms G showing it made any attempts to resolve the issue with the previous provider.

The details provided by Ms G to show when the transfer went through suggest there was nothing different about this transfer request compared to the previous requests. Zopa hasn’t provided any evidence to show why it wasn’t to blame for the delays Ms G encountered. And it’s accepted that Zopa didn’t handle all matters in a timely manner throughout although it only accepts that it caused a “*slight delay*”. I think Zopa has struggled to show how it has treated Ms G fairly and reasonably throughout. For me this is highlighted by its point about Ms G not losing interest. Ms G clearly is losing interest. Ms G never said she wasn’t being paid any interest, she was clear that she was missing out on the higher rate from the point when the ISA transfer should have been completed. I think that’s a perfectly reasonable expectation from Ms G. I’m unsure why Zopa hasn’t engaged with this, but it does highlight Ms G’s perspective of Zopa’s lack of action.

In view of the delays there’s no doubt Ms G has lost out on the increased interest she would have been receiving if the transfer had taken place when it originally should’ve done. The

evidence points to Zopa making the mistakes and so it should pay Ms G the difference between the lower and the higher interest rate from day 15 (the latest day when the transfer should've taken place) to the date when it did take place. I think that would be a fair and reasonable answer as Ms G would have only been getting the lower rate until the transfer completed.

Through listening to the calls and seeing the correspondence involved it's clear that Ms G did have to spend a lot of her own time resolving the problem. I agree with her that Zopa didn't appear to fully engage. It was time consuming for her and it was upsetting and frustrating. I'm pleased that Zopa did at least accept that in part and offer £50 but I do think Ms G suffered more impact and Zopa should increase the compensation for distress and inconvenience to £100 in total.

Putting things right

- pay Ms G the difference between the lower and the higher interest rate from day 15 to the day the transfer completed.
- pay a further £50 to bring the total to £100 for Ms G's distress and inconvenience.

My final decision

I uphold this complaint.

I require Zopa Bank Limited to:

- pay Ms G the difference between the lower and the higher interest rate from day 15 to the day the transfer completed.
- pay a further £50 to bring the total to £100 for Ms G's distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 23 July 2024.

John Quinlan
Ombudsman