

The complaint

Mr G complains that the actions of the Independent Order of Odd Fellows Manchester Unity Friendly Society Limited, trading as Unity Mutual ('UM'), resulted in him being unable to benefit from a Lifetime ISA bonus on his savings.

Mr G would now like to be recompensed for the £1,000 bonus that he says he's missed out on because of UM's actions.

What happened

On 12 February 2022, Mr G applied for a Lifetime ISA (LISA) with UM for the 2021/2022 tax year and immediately following the application, they issued an email to him confirming the transaction. After reviewing Mr G's application, UM attempted to register the LISA with HMRC. However, HMRC responded to UM stating that as Mr G had already contributed to a LISA with another provider that tax year, he couldn't fund another in the same tax year.

On 14 February 2022, UM emailed Mr G to confirm the response that they'd received from HMRC. After receiving their email, Mr G contacted UM to discuss his options where he ultimately decided to open the LISA in the new 2022/2023 tax year. Mr G's LISA account was processed by UM on 9 May 2022 when they also registered the account with HMRC.

As part of UM's processes, they say that they had to fund the account with a £1 contribution to establish a bonus arrangement with HMRC. A 25 pence bonus was subsequently received from HMRC that was added to the balance. UM then issued a welcome pack to Mr G that confirmed the account had been opened and they also enclosed a policy schedule and a cancellation notice that gave him the right to change his mind within 30 days. UM also followed that up with a confirmation email to him and in April 2023, almost a year after opening the LISA, a statement was sent to Mr G showing the past year's transactions.

During the 2022/2023 tax year, Mr G contributed £4,000 to his other LISA that he held with another provider (who I shall call Firm A). But, as HMRC considered that Mr G had already contributed £1 to the UM LISA for the 2022/2023 tax year, Firm A were unable to claim the £1,000 bonus for the £4,000 contribution.

Shortly afterwards, Mr G decided to formally complain to UM. In summary, he said that UM had prevented him from claiming the £1,000 bonus in respect of the £4,000 LISA contribution that he'd made at Firm A. Mr G said that UM's actions had prevented him from investing in another LISA in the 2022/2023 tax year.

After reviewing Mr G's complaint, UM concluded they were satisfied they'd done nothing wrong. They also said, in summary, that they had informed Mr G of their actions and provided literature to him confirming the steps taken.

Mr G was unhappy with UM's response, so he referred his complaint to this service. In summary, he repeated the same concerns that he'd set out to UM and also said that he'd not

asked UM to put £1 into the LISA and at no point was he advised by them that they had done so.

The complaint was then considered by one of our Investigators. He concluded that UM hadn't treated Mr G unfairly because from what he'd seen, the paperwork that had been issued to him was clear that the LISA had been funded.

Mr G, however, disagreed with our Investigator's findings. In summary, he said that he'd not given UM authority to open the LISA for him. He went on to say that he wanted his complaint looked at by an Ombudsman.

The case now comes 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.

I have summarised this complaint in less detail than Mr G has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr G and UM in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr G's complaint – whilst it's largely for the same reasons as our Investigator, I'll explain why below.

I don't think there's any ambiguity that UM had opened a LISA for Mr G in the 2022/2023 tax year. I also think it's more likely than not that Mr G would've been well aware from UM's welcome letter (dated 9 May 2022) that a new account had been arranged for him because whilst that letter sets out many of the features of the new account, it also provides his new account number, start date and a notice that he has the right to change his mind within 30 days if he decides he no longer wants the investment. In addition, I think UM's email to him of 9 May 2022 (at 14:22) makes it sufficiently clear that a new account has been opened where it states *"you can only contribute into one Lifetime ISA per tax year, unless the funds are transferred to another Lifetime ISA. Therefore, we have been successful in registering you with HMRC today and as such, you can now contribute into the Lifetime ISA"*.

Mr G states that he didn't appreciate that UM would fund the account to activate the bonus arrangement with HMRC and that he never gave UM permission to do so. But, when signing the application form to set the LISA up, Mr G consented UM to:

- *hold my subscriptions, ISA investments, interest, dividends, Lifetime ISA Government Bonus and any other rights or proceeds in respect of these investments and cash and to submit Lifetime ISA bonus claims to HMRC on my behalf;*

- *to make on my behalf any claims to relief from tax in respect of ISA investments;*
- *to submit Lifetime ISA bonus claims to HMRC on my behalf.*

However, to set up the bonus arrangement with HMRC, UM's process necessitated they pre-fund the account with a £1 contribution, so I'm satisfied that Mr G was given notice of UM's ability to make such claims on his behalf.

I think given that Mr G had previously experienced problems opening a LISA with UM in February 2022 (because he'd already funded an account with Firm A) should have put him on path of discovery that having opened an account in May 2022 with UM, it might prove problematic when he decided to open and fund a new LISA with Firm A within the same tax year. I say that because Section 10 of the LISA application required Mr G to commit that he had: *"not subscribed and will not subscribe to another Lifetime ISA in the same tax year that I subscribe to this Lifetime ISA"*. But, despite making this commitment to UM, Mr G then went and subscribed to a new LISA with Firm A within the same tax year.

Whilst I appreciate that Mr G will likely be disappointed by my decision, I'm satisfied that UM made clear to him that he was subscribing to a new LISA in the tax year and that he shouldn't contribute to another within that 12-month window. As I've not been able to conclude that Mr G has been treated unfairly by UM, I'm not upholding his complaint.

My final decision

I'm not upholding Mr G's complaint and as such, I won't be instructing the Independent Order of Odd Fellows Manchester Unity Friendly Society Limited, trading as Unity Mutual, to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 February 2025.

Simon Fox
Ombudsman