

## The complaint

Mr C complains that Bank of Scotland plc, trading as Halifax, failed to cancel his ISA which led to his incurring a penalty. He also complained that a compensation payment took his ISA over its annual contribution limit.

## What happened

Mr C said he called Halifax many times on 26 June 2023, to cancel his 'Fixed Rate Two Year ISA', opened two days previously, and his pending ISA Transfer Requests, but was disconnected. When he got through Mr C said Halifax's member of staff couldn't hear him and the next member of staff had very poor knowledge of ISAs.

Mr C said he made many attempts to contact Halifax's ISA team within the cooling-off period but couldn't due to barriers and so the ISA transfer completed, and his previous ISA closed and he incurred the penalty charge of £176.86 of one year's loss of interest. Mr C said if Halifax had closed the account as instructed it would have stopped the transfers and he wouldn't have spent time and been caused worry. Mr C complained to Halifax and requested payment of the penalty charge and call costs of £5.50 and would appreciate compensation.

In its response, Halifax apologised for misdirecting Mr C's call and paid £25 compensation to his ISA account. Halifax said even if Mr C had been connected to its ISA team he wouldn't have been able to close the account as the transfer from his previous ISA with another bank had already been completed and the funds were awaiting to credit the account. Halifax said in order to prevent this Mr C would have had to contact Halifax the day before and so it wouldn't cover the penalty charge incurred for the early closure of his previous ISA.

Mr C said Halifax credited £25 to his ISA account for some reason, but should have contacted him first as he had already deposited £20,000. Halifax apologised for doing this without considering whether he had already deposited the annual limit, and would reverse the payment. Halifax paid Mr C further compensation of £25 in respect of this.

Mr C wasn't satisfied with Halifax's response and referred his complaint to our service. Our investigator didn't recommend it be upheld as she felt £50 was fair for Mr C's inconvenience and his calls. She said Halifax told Mr C it couldn't stop his new ISA or the amalgamation of his previous ISA, though parts of its letters were unclear about a timescale for cancellation. She said Halifax's terms and conditions for this ISA don't provide a cooling-off period and so his request for an ISA was irreversible. She said the right to cancel a request within 14 days only applies to cash ISAs and other types of savings accounts.

The investigator said that Halifax told Mr C about the penalty charge he would incur when he made his initial request for an ISA as he would be making an early withdrawal from his previous ISA, and Mr C agreed to this. She said Halifax confirmed on a number of occasions that it couldn't accommodate Mr C's request as it was never in a position to reverse the ISA.

Mr C wasn't happy with this response and requested an ombudsman review his complaint. He said his many calls to Halifax on 26 June 2023 to cancel the ISA (requested on Saturday 24 June) led to him being passed to different departments wasting time, and effort. He said his new ISA could have been stopped as it had a nil balance and the penalty charge for early cancellation of his previous ISA had not been taken at that time.

Mr C said that all new Halifax ISAs have a cooling-off period of fourteen days and can be converted into an 'ISA Saver Variable' account when requested in that time frame. He said Halifax should have checked the account before crediting £25.

### **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 was sorry to learn that what should have been a straightforward process of opening an ISA has turned into a frustrating experience for Mr C. Part of my role is to determine whether what took place was reasonable and whether Halifax followed the process correctly.

In assessing whether Halifax acted fairly, I've taken into account the relevant rules and guidelines along with Halifax's terms and conditions for the account Mr C requested.

Mr C requested to open a 2-year fixed rate ISA on Saturday, 24 June 2023 and to amalgamate his existing 5-year fixed rate ISA. He then called Halifax on Monday 26 June, to cancel both requests, but encountered some issues which he said prevented cancellation.

Mr C referred to his right to cancel a request within 14 days. Halifax's terms and conditions for Mr C's ISA account state that a cooling-off period and the right to cancel transfer requests doesn't apply to fixed rate/fixed term savings accounts. This means there is no 'cooling-off period', and so his request for the ISA account wasn't reversible.

Mr C is very disappointed his cancellation request could not be resolved over the phone on 26 June 2023 as he said this was within the cooling-off period. But to emphasize the point that his decision was too late, and his calls would have made no difference, Halifax has said that even if there was only 10 minutes between Mr C's request for the ISA account and his changing his mind, the account would still not be reversible.

As to the penalty charge for early withdrawal from Mr C's previous ISA, this was carried out on the same day as he wasn't entitled to a cooling-off period. Since Mr C wasn't able to close his account, Halifax isn't obligated to return this to him. Mr C will have been provided the terms and conditions of his previous ISA from the provider and ought reasonably to have been aware from these that he would incur an early withdrawal penalty in the circumstances.

Notwithstanding the above, I'm pleased that Halifax paid Mr C £25 for his inconvenience and call costs from his frustrated calls on 26 June, and I agree with the investigator that this is fair. Unfortunately, this was paid into Mr C's ISA account where he had already paid in his annual allowance. I'm pleased that Halifax amended the payment to put the account back to its previous position and paid Mr C a further £25 compensation.

Mr C thought Halifax's amendments to his ISA were effectively a crime, as this would be falsifying tax information, with possible repercussions with HMRC. Halifax has confirmed the £25 credit to Mr C's ISA account will not affect his ISA allowance or tax, as it's a gesture of goodwill payment and separate from an account investment. I can't see any basis for Mr C's view, as I don't think Halifax has acted illegally and I don't think there's any tax implications, though Mr C can complain separately if this is not the case.

In conclusion, had Mr C spoken to Halifax on 26 June 2023 it wouldn't have changed the outcome, as there was no cooling-off period. I can understand Mr C's frustration about this, but Halifax isn't in a position to reverse his original request, as it would mean departing from the terms and conditions of the account.

Having found that Halifax has not made an error in the handling of Mr C's ISA I do not think that it caused him financial loss or delay, and so I find that a further payment of compensation is not warranted in the circumstances.

**My final decision**

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 December 2024.

Andrew Fraser  
**Ombudsman**