

The complaint

Mrs H is unhappy about the transfer of her stocks and shares ISA to Bank of Scotland plc (trading as Halifax), as well as her attempt to move her funds away from Halifax later on.

What happened

In April 2023 Mrs H opened a two-year fixed rate ISA at 4.2% online with Halifax. She initially transferred in £20,000 cash and intended to transfer in an additional £65,000 from a stocks and shares ISA with another provider.

There was no problem depositing the £20,000. However, the stocks and shares ISA amount didn't complete, despite several chasers to both parties by Mrs H. During the time Mrs H was chasing the transfer progress she said she was cut off when calling Halifax on several occasions.

Mrs H visited a Halifax branch to discuss the outstanding transfer and options available to her. The branch representative explained Halifax had chased the transfer from the other provider on several occasions but hadn't received the funds so far.

At this point Mrs H no longer wanted to keep the fixed rate ISA with Halifax and wanted to move elsewhere. The branch representative said the £20,000 could be returned to her current account, without penalty, and rewind the ISA as if it never happened. Mrs H was then free to invest elsewhere. This agreement at branch was made prior to the complaint being investigated by Halifax.

Mrs H didn't hear anything from Halifax so she called them in August 2023 and was told they'd recently sent her a final response letter addressing her complaint. The final response acknowledged the service she had received during the transfer wasn't good enough and paid £100. But, Halifax, said the transfer had been requested correctly so they weren't at fault for the transfer not completing.

Halifax acknowledged Mrs H wanted to move away from them and downgraded the fixed rate ISA to a saver variable ISA, so she was able to close or transfer the account without incurring any penalties. This ISA downgrade was actioned without any prior consultation with Mrs H. The interest rate went from 4.2% to the variable rate of 1.25%.

Mrs H didn't agree with the outcome as it was different to what was agreed when she had visited the branch. Halifax agreed to re-open the complaint. At the same time, Mrs H opened a seven-year fixed rate ISA elsewhere at 5.15% – completing the transfer online the same day. During August 2023, the transfer away from Halifax was rejected twice. As the transfer didn't complete in a timely manner, the new seven-year ISA was closed on 1 September 2023.

When the complaint came to our service Halifax reinvestigated things and made a new offer to Mrs H. It increased its offer of compensation by a further £200, making it £300 in total. They also offered to increase the two-year fixed interest rate back to 4.2% from when it was opened until the present date (redress calculated in December 2023). Initially this was

accepted by Mrs H, but after some clarification on the offer she decided not to accept it. Halifax then altered the interest rate, offering 5.5% from 11 April 2023 until 26 January 2024. Mrs H wanted us to consider the complaint in full. At this point she wanted the full two years' worth of interest at 5.5% on the £20,000.

After some back and forth between Mrs H and Halifax, one of our investigators looked into the complaint. They felt the increased compensation amount was fair for the inconvenience caused. They also said Halifax should honour the 4.2% interest rate initially agreed to Mrs H if she wanted to keep her ISA with Halifax. Otherwise, it should only offer this rate until Mrs H opts to move elsewhere. The investigator also acknowledged Halifax had paid a higher rate of 5.5% for a large period of time (April 2023 – January 2024) and this amount shouldn't be clawed back by Halifax.

Mrs H disagreed with the investigator's findings and said the transfer away from Halifax in August 2023 didn't form part of the complaint. The investigator reviewed this aspect but didn't find any failings with Halifax. They said the transfer requests from the new provider were incomplete and contained conflicting transfer information, so this is why they didn't complete as intended.

Mrs H didn't agree so the complaint has been referred to me 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.

I'm aware that I've summarised this complaint and responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Halifax did anything wrong in the transfer attempts in *and* out of the fixed rate ISA, as well as the service Mrs H received. If there is something I haven't mentioned, it isn't because I've ignored it. I'm satisfied that I don't need to comment on every individual point or argument to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Stocks and shares ISA transfer

As the transfer of the additional £65,000 from a stocks and shares ISA didn't reach the account as intended, I've considered the expectations of Halifax as the receiving provider. Mrs H confirmed she completed a transfer authority form online on 11 April 2023. Halifax's records confirm the transfer in request from Mrs H's stocks and shares provider was initiated on 13 April 2023 and the funds were due to be received within the next 30 days. This request was confirmed to Mrs H by text message on 14 April 2023.

I've seen Halifax's records showing they chased the existing provider on 18 and 25 May 2023 as no funds had been forthcoming. So I'm satisfied that Halifax made timely chasers to the previous provider so the transfer could be completed. On 2 June 2023 Halifax sent a letter to Mrs H to confirm the funds weren't received so the transfer was cancelled. I haven't seen a copy of this letter but given Mrs H said she heard nothing from Halifax after the initial transfer request (and which prompted her to start chasing) I think it's more likely than not this letter wasn't received by Mrs H.

Mrs H said she tried chasing Halifax over the phone which resulted in at least three calls being ended – and eventually she went into branch to discuss the transfer. I've listened to the conversation Mrs H had with the branch representative. During this meeting the

representative said she could open a new fixed rate ISA, at a higher interest rate – so effectively starting the transfer process again with the stocks and shares ISA provider. Halifax would combine the current fixed rate ISA with the new one and this wouldn't affect Mrs H's ISA status for the 2023/24 tax year. Or Halifax would refund the £20,000 cash deposit to Mrs H, without penalty, to put her back into the position as if she had never applied for the fixed rate ISA. Mrs H opted to take her investment elsewhere, but what Halifax ended up doing when the complaint was investigated was something different.

The downgrading of the account to a saver variable ISA wasn't something agreed with Mrs H beforehand. And this was different to the outcome discussed at the branch meeting, albeit before the complaint had been officially investigated. The downgrading of the account – at least without prior notice – didn't give Mrs H a fair opportunity to start a transfer out process to a different provider without receiving a lower interest rate on the £20,000 for a period of time.

Our investigator said Halifax should offer the interest of 4.2%. And I agree this should be a minimum expectation for the errors made to Mrs H since she started chasing the progress of the transfer.

Having said that, I don't think it would be fair for Halifax to award Mrs H with the full two years' worth of interest as a lump sum. The requirement for the full two years' worth of interest was for Mrs H to leave her funds with Halifax for the two year period. Under the circumstances I appreciate why Mrs H no longer wanted to have this ISA, but Halifax have allowed her to transfer away from them without incurring a penalty – so this seems reasonable in the circumstances.

I'm aware the offer has evolved since then, which I will comment on below.

Transfer away from Halifax

Following the branch visit in June 2023, Mrs H opted to move her funds to a new provider offering a seven-year fixed rate ISA with a 5.15% interest rate. This was initiated in August 2023. So, I've still considered the role Halifax played in Mrs H's request at the time.

I've seen evidence to show the initial request to Halifax on 17 August 2023 applied for the previous year's subscriptions, rather than the current tax year (2023/24). A second request was made to Halifax on 18 August 2023, wanting a partial transfer but requested the full year's subscriptions. Again, I'm satisfied Halifax took the correct steps to prevent the transfer away on both occasions. The evidence suggests the new provider sent incomplete and conflicting transfer information on both occasions.

I can appreciate the frustration Mrs H was experiencing at this point – firstly, by the transfer in not completing as intended. And then when Mrs H wants to invest these funds elsewhere, she experiences problems in doing so. Yet, when considering Halifax's different roles in the transfer process I don't think there has been an error in the actual transfer.

I'm aware Mrs H moved her ISA funds to a new provider on 14 August 2024. I haven't been provided with the interest rate used throughout the lifetime of the Halifax ISA, but I would have expected this to have been 4.2% until Mrs H closed the ISA.

Halifax recognised their service had fallen below what was expected since the initial application in April 2023 – and awarded further redress. As mentioned previously, Halifax offered 5.5% worth of interest from 11 April 2023 until 26 January 2024. There seems to be some confusion around why Halifax offered 5.5% interest, rather than 5.15% but in any case, it wouldn't be fair for Halifax to recover this from Mrs H.

In addition to the increased level of interest, Halifax awarded £300 compensation. Having considered everything, I feel this amount is a fair reflection for what's happened. Halifax's records don't reflect the amount of times Mrs H said she chased Halifax to find out what was going on, but I don't have any reason to doubt these calls were made. Mrs H's level of inconvenience was added to by Halifax's final response outcome which gave her no prior warning of the downgrading of the account, to a lower interest rate. The communication from Halifax has been poor throughout and the £300 compensation reflects the inconvenience caused.

Putting things right

If Halifax hasn't already done so, it should pay Mrs H:

- interest at a rate of 5.5% on the £20,000 from 11 April 2023 until 26 January 2024, then interest at a rate of 4.2% from 27 January 2024 until 14 August 2024.
- £300 compensation for the distress and inconvenience caused.

My final decision

I uphold this complaint and Halifax should compensate Mrs H as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 25 April 2025.

Andy Hurle
Ombudsman