

The complaint

Ms R is unhappy with National Westminster Bank Plc's handling of her ISA transfer.

What happened

Ms R wished to move her ISA from Bank G to NatWest. NatWest was offering a 1% better rate than Bank G at the time.

NatWest contacted Ms R to let her know she had made a mistake on the transfer form once it had cleared this up it contacted Bank G and requested a partial ISA transfer.

There was poor communication around the transfer, and it didn't go through. It turned out that Bank G couldn't facilitate a partial transfer. NatWest apologised and offered £100 compensation for its involvement and gave Ms R the chance to carry out a full transfer if she would prefer.

Initially Ms R agreed to this. But further questions arose during the process and the money ended up back with Bank G. Ms R then decided she didn't want to go ahead with the transfer at all. Instead, she asked for the lost interest and compensation. As agreement couldn't be reached Ms R brought her complaint to this service. At this point NatWest offered to increase the compensation to £200. Ms R didn't accept this.

Our investigator upheld the complaint. She said NatWest should pay Ms R the lost interest from when the transfer was meant to take place to date. In view of the issues caused, the delays and Ms R's health concerns she also said it needed to increase the compensation award to a total of £250.

NatWest agreed to do this.

Ms R didn't accept this and asked for her 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 R said she now didn't trust NatWest to get anything right, but said it was unfair for her to miss out on the better interest rate its ISA would've given her.

Ms R said in view of the mistakes made and her health issues NatWest should pay her £400 compensation.

Ms R said in view of the difficulties she had faced dealing with the ISA transfer she missed out on the opportunity to invest new money and she needed to be compensated for this too.

NatWest offered to pay interest based on the partial transfer as this was the amount back in October Ms R had wanted to transfer. This totalled £147.29 from October to date.

Ms R then asked for it to pay the interest on the full ISA transfer that had been considered at the later date. NatWest agreed and revised its interest offer to £195.57 from October to date.

Ms R followed up by asking for the interest to be paid for a full year rather than to date and to pay for her not investing new money this year as she'd been dealing with the transfer issues. NatWest agreed to the full year of interest and said it would amend the amount to £424.90. But it was clear that it wouldn't pay for any new investment money Ms R said she had been unable to arrange due to the problems with this transfer.

From the outset of the ISA transfer Ms R had marked for both a partial and a full transfer to take place. So, I think it was right for NatWest to delay so it could check with her and make sure it carried out Ms R's instructions correctly. I think NatWest was only unable to complete the transfer due to the requirements of Bank G which didn't allow for partial transfers.

The second attempt to transfer the ISA in full didn't complete. But NatWest told this service that when Bank G sent the full ISA transfer amount it did so in a way that meant no credits or debits could be applied to the account by the system. It would mean everything would need to be done manually. So, it had to return the funds to Bank G but followed up by providing details of its suspense account so the full transfer fund could be sent there. It was at this stage that Bank G told NatWest that Ms R no longer wanted to go ahead with the transfer.

Ms R then asked if NatWest would pay the extra interest she was missing out on as Bank G had now decreased the existing ISA rate that she hadn't been able to transfer out of. The drop was a further 0.15% - NatWest agreed to this too.

Considering all the information linked to this complaint I think the offer made by NatWest is fair and reasonable. At each stage it has reacted to further requests made by Ms R and has been willing to compromise to reach a fair conclusion. Ms R chose in the end not to go ahead with the transfer and chose not to act on investing her new funds so I can't hold NatWest responsible for her choices. The offer to pay interest at 1% for the full year (£424.90) and add in the difference for the recent rate drop of 0.15% by Bank G is fair and reasonable.

Transfer arrangements did take too long, and Ms R was anxious throughout about what was happening with her money. So, I'm pleased NatWest agreed to increase the compensation offer to £250 as requested by our investigator. I think that's a fair and reasonable offer based on the individual issues, delays, and circumstances of this complaint. Ms R did mention that she had previously received "some" of the compensation, so NatWest needs to make sure it pays a total of £250. As I'm not certain how much Ms R has already received NatWest needs to pay whatever amount is outstanding to ensure compensation ends up at £250.

Putting things right

- Pay the £424.90 and add to this the extra 0.15% interest for the full year.
- Pay a total of £250 compensation.

My final decision

I uphold this complaint.

I require National Westminster Bank Plc to:

- Pay the £424.90 and add to this the extra 0.15% interest for the full year.
- Pay a total of £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 22 August 2024.

John Quinlan
Ombudsman