

The complaint

Mr L complains about delays by Shawbrook Bank Limited when processing an ISA transfer.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

Mr L had an existing fixed term ISA that was due to mature on 11 April 2024. On 27 March 2024 Mr L's new ISA provider, O, sent a transfer request to Shawbrook for the funds to be forwarded on maturity of the fixed term. Shawbrook's confirmed the transfer out request was received on 28 March 2024.

Shawbrook's explained that the transfer request it received was for the entire account balance including the previous and current tax year contributions. Shawbrook's explained that when Mr L's account matured on 11 April 2024 its systems accepted the transfer request on 12 April 2024. But as Mr L hadn't made any 2024/2025 tax year deposits the transfer failed.

O called Shawbrook on 15 April 2024 and a new transfer out request was received on 16 April 2024. The funds were forwarded to O on 22 April 2024 and the transfer completed the following day.

Mr L complained about the delay and explained he'd arranged for the transfer out request to be sent well in advance of the maturity date. Mr L asked Shawbrook to compensate him for the interest he'd missed out on from his new ISA as a result of the delay, totalling 11 days. Shawbrook didn't uphold Mr L's complaint.

Mr L referred his case to this service and it was passed to an investigator. They weren't persuaded Shawbrook had treated Mr L unfairly and said the transfer had been completed in line with industry guidelines. Mr L asked to appeal, so his complaint has been passed to me to make a decision.

What I've provisionally 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've been reasonably brief in setting out the background above as all parties broadly agree concerning the timeline for Mr L's case and what happened. But I want to assure all parties I've read and considered all the available evidence. Having done so, I've reached a different conclusion to the investigator as I'm not persuaded Shawbrook treated Mr L fairly.

I've read the terms and conditions provided by Shawbrook that set out how Mr L's ISA would work. I've also reviewed Shawbrook's website and looked at information it provides about maturing fixed term accounts and when withdrawals can be made.

I think it's fair to say that the Shawbrook received Mr L's transfer out request from O around two weeks before the existing maturity date of his fixed term ISA. Shawbrook's explained that when it processed the maturity instructions, it found the transfer out request contained a request for the entire account balance, including previous and current tax year contributions. But because Mr L's ISA didn't mature until 11 April 2024, the following tax year, when the transfer out request was processed he hadn't made any contributions for the current tax year. Shawbrook says that meant the transfer out request was declined. I note Shawbrook's final response says there's no facility for its systems to check the maturity date of the account in question which meant the issue wasn't picked up in advance.

Whilst I understand Mr L's transfer out request was complicated by the new tax year coming into effect between receipt of instructions and the maturity date, I'm satisfied he's lost out as a result of the way they were handled. Mr L's new ISA provider's request was received on 28 March 2024 with clear instructions on how to settle. At the point of issue, it was correct in saying previous and current contributions should be included. If the change to the new tax year on 6 April 2024 meant the existing transfer out form received wasn't fit for purpose, I'm satisfied Shawbrook had sufficient time to check with O concerning how to proceed in advance of the maturity date.

Shawbrook's website provides withdrawal instructions. For fixed term accounts, it says If you tell us you wish to withdraw your money, you'll receive the funds on the working day after the account matures. I'm satisfied that Mr L's new ISA provider gave his instructions to transfer out to Shawbrook with sufficient time for it to be able to arrange withdrawal on the day after maturity which would've been 12 April 2024. Whilst I understand the issue was partly caused due to the systems and processes Shawbrook uses generally, I'm satisfied that in this case it's led to a loss for Mr L. And I'm satisfied the fairest approach is for Shawbrook to compensate Mr L for the interest he missed out on due to the delay.

Shawbrook's confirmed the funds were sent to O on 22 April 2024 and the transfer out was fully completed the following day. I think the transfer should've completed the day after maturity (as Shawbrook's website says), on 12 April 2024. Based on the information I've seen so far, I intend to tell Shawbrook to pay Mr L the difference between the interest rate it was paying and his new ISA provider's interest rate from 12 April 2024 to 22 April 2024 (inclusive). In response to this provisional decision, Mr L should forward evidence of his new ISA rate with O.

I can see the issues raised have caused Mr L to have to revisit the case with both Shawbrook and O over the course of a couple of weeks. And I'm satisfied the way Shawbrook processed Mr L's transfer out has caused him unnecessary distress and inconvenience. So in addition to the above, I also intend to award Mr L £100 to reflect the level of distress and inconvenience caused by the way his transfer out request was handled.

I invited both parties to respond with any new or further information or comments they wanted me to consider before I made my final decision. Shawbrook came back and provided systems evidence that showed the ISA transfer couldn't have completed on 12 April 2024 as claimed in my provisional decision. Shawbrook subsequently agreed to settle by paying interest at the new ISA provider's rate between 15 April 2024 and 22 April 2024 (eight days) in addition to the £100 compensation awarded for the distress and inconvenience caused to Mr L.

I contacted Mr L to set out the change in settlement and he confirmed he was willing to proceed. Mr L also provided evidence that his new account with O was paying an interest rate of 5.07%.

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.

As both parties have responded to the provisional decision and revised settlement and confirmed their understanding I'm going to proceed on that basis and uphold Mr L's complaint. Mr L has provided evidence to show the funds being paid into his new ISA along with the rate applied by O of 5.07%. Should Shawbrook require this evidence before settlement, it's welcome to request it from our investigator.

My final decision

My decision is that I uphold Mr L's complaint and direct Shawbrook Bank Limited to settle by compensating him for the interest he missed out on with O between 15 April 2024 and 22 April 2024. I also direct Shawbrook Bank Limited to pay Mr L £100 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 September 2024.

Marco Manente
Ombudsman