

The complaint

Mr X is unhappy that an ISA transfer he instructed to Cynergy Bank Plc wasn't completed in a timely manner.

What happened

Mr X held a Cash ISA with a third-party bank ("the originating bank") and wanted to transfer the ISA to Cynergy. Mr X submitted a transfer-in application to Cynergy and provided his ISA sort-code and account number for the originating bank. Cynergy forwarded the ISA account information Mr X had provided to the originating bank, but the originating bank rejected the ISA transfer instruction on the basis of 'no account found'.

Following the rejection, Mr X spoke with Cynergy and confirmed that the ISA sort-code and account number he'd previously given them, and which Cynergy had sent to the originating bank, were correct. Cynergy resent the ISA transfer request to the originating bank. But the originating bank rejected that request also, with the reason again being 'no account found'.

Cynergy then contacted the originating bank to try to understand why the transfer requests were being rejected. The originating bank investigated the matter and explained to Cynergy that an issue with their systems was causing the correct account information being sent by Cynergy to be picked up incorrectly, resulting in the 'no account found' rejection.

Cynergy then spoke with Mr X and tried to explain what had happened. During that call, Mr X asked whether the transfer was rejecting because the sort-code was incorrect on the transfer request, which wasn't the case, but which Cynergy's agent incorrectly confirmed to Mr X was what was happening.

Cynergy's agent then compounded their mistake by telling Mr X that he needed to contact the originating bank to request the ISA transfer again, when they should have told Mr X to reapply to Cynergy for the ISA transfer, which should now complete, given that the reason for the prior rejections had been identified. Mr X wasn't happy with the service he was receiving from Cynergy, so he raised a complaint.

Cynergy responded to Mr X and explained that the reason the transfer requests had been rejected had been confirmed by the originating bank as being due to an issue with their systems, and that therefore Cynergy didn't feel that they were responsible for the rejections.

However, Cynergy did accept that they hadn't responded to Mr X's emails wherein he'd raised his complaint in a timely manner, and they apologised to Mr X for this and offered to pay £150 to him as compensation for any trouble or upset that may have caused him. Mr X wasn't satisfied with Cynergy's response, so he asked this service to consider his complaint.

One of our investigators looked at this complaint. But they felt the response that Cynergy had issued to Mr X already represented a fair outcome. Mr X remained dissatisfied, so the matter was escalated 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.

I issued a provisional decision on this complaint on 16 July 2024 as follows:

It seems clear to me that Cynergy did what they should have done here regarding the ISA transfer requests. Specifically, Cynergy sent the correct account information to the originating bank, and the originating bank have confirmed that it was an issue with their systems that led to the correct information that Cynergy sent not being recognised by them and consequently to the transfer requests being rejected.

Mr X has explained that he was in contact with the originating bank during the time the ISA transfer instructions were being made to them, and that the originating bank repeatedly told him that no transfer instructions were being received from Cynergy. But it's clear that Cynergy were submitting the instructions as they should have done. And so, it seems highly likely that the same systems issue that was causing the originating bank to not recognise the correct information that Cynergy were sending to them also caused them to not recognise that any transfer request was being received from Cynergy at all.

Mr X has expressed his frustration at the service he received from Cynergy surrounding this matter. But as explained, Cynergy were submitting the correct information to the originating bank in the correct format. And I feel that it was understandable for Cynergy to first seek to conform whether the information provided by Mr X was correct before they contacted the originating bank directly, which they did, and which resulted in the reason for the rejections being discovered.

Ultimately, it isn't Cynergy's fault that the originating bank was rejecting the correctly sent ISA transfer requests that Cynergy submitted to it. As such, I don't feel that Cynergy should fairly or reasonably be held accountable for the fact that the transfer requests were rejected. However, it seems clear that Cynergy's agent could and should have better handled the call wherein they attempted to explain to Mr X that a system error with the originating bank was the cause of the ISA transfer rejections.

What should have happened on this call was that Mr X should have been left with a clear understanding of what had happened as well as an understanding that if he reapplied to Cynergy for the ISA transfer, it should now complete, given that the cause of the issues had been identified.

Unfortunately, neither of those things happened. And it appears the failure of Cynergy to accurately explain matters to Mr X on that call caused him to lose faith in their ability to affect an ISA transfer, so that Mr X instructed an ISA transfer to a different bank a few weeks later.

Had Mr X re-instructed the ISA transfer to Cynergy after that call, as I feel he reasonably would have, had he been correctly informed, then it seems likely that transfer request would have been completed successfully. And I feel that by not making that request, because of the incorrect information that he was given, that Mr X has lost out financially.

Accordingly, I'll be provisionally upholding this complaint in Mr X's favour on that basis and instructing Cynergy to pay Mr X the difference in the interest that he should have earned, had the re-instruction to Cynergy been made. I provisionally calculate this amount to be £98.84, which is equivalent to 14 days of lost interest (5 December through 18 December – when the call with Cynergy took place to when Mr X instructed the transfer to another bank) at £7.06 per day, calculated as follows:

Cynergy ISA rate:	5.15%	
Originating Bank ISA rate:	2.10%	
Difference:	£3.05%	
ISA Balance:	£84,483.33	
Annual missed interest:	£2,756.74	(3.05% of £84,483.33)
Daily missed interest:	£7.06	(£2,756.74 divided by 365 days)
14 Days' missed interest:	£98.84	(14 x £7.06)

I won't be instructing Cynergy to pay any further loss of interest to Mr X, for instance, in consideration of the lower rate of interest Mr X obtained at the bank he eventually transferred his ISA to. And this is because, even in consideration of the frustration I accept that Mr X experienced here, Mr X could have re-instructed the transfer to Cynergy but chose not to.

However, I am also provisionally instructing Cynergy to pay a further £75 compensation to Mr X for the inconvenience and frustration that he unfortunately experienced because of the poor standard of the call he had with Cynergy which should have resulted in Mr X completing the ISA transfer to Cynergy.

Finally, I feel that the £150 that Cynergy have offered to Mr X for their not responding to his emails wherein he first asked to raise a complaint, is a fair compensation amount for that aspect of Mr X's complaint, and I won't be instructing Cynergy to take any further or alternative action in this regard. This means that my provisional instruction to Cynergy is that they must pay a combined compensation amount of £225 to Mr X.

In arriving at this position, I've considered the impact of what happened here on Mr X regarding both compensation payments. And I've also considered the general framework this service uses when assessing compensation amounts, details of which are available on this service's website.

To confirm, my provisional decision is that I uphold this complaint in Mr X's favour and instruct Cynergy to pay £98.84 loss of interest to him, along with £225 combined compensation, for a total payment of £323.84.

Both Mr X and Cynergy responded to my provisional decision and confirmed that they were in acceptance of it. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr X's favour on the basis explained above. And I therefore confirm that my final decision is that I do uphold this complaint in Mr X's favour on that basis accordingly.

Putting things right

Cynergy must pay £323.84 to Mr X.

My final decision

My final decision is that I uphold this complaint against Cynergy Bank Plc on the basis explained above.

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

Paul Cooper
Ombudsman