

The complaint

Mr P complains that Nationwide Building Society ('NBS') failed adequately to warn him about the risk of incurring a tax liability when he moved his money to a new account.

What happened

Mr P held a six figure amount of savings in an Individual Savings Account ('ISA') which meant his money earned interest tax-free.

When his 1 Year Triple Access Online ISA matured in May 2023, Mr P intended to transfer the account balance to a new ISA. Inadvertently, he opened a non-ISA savings account and transferred the money there. This meant he lost the tax benefits of investing in an ISA and he became liable to pay income tax on the interest earned. He only realised this after a year when the time came to open a new ISA.

Mr P blamed NBS for what happened, saying that it shouldn't have similarly named accounts and that it should have a better warning system to alert online banking customers when transferring funds from an ISA to a non-ISA Account.

NBS didn't uphold his complaint. It mainly said it provided a warning online when Mr P was making the transfer which notified him as follows:

'Warning: Transferring to a non-ISA? if so, your money might lose its tax-free status. To keep your money's tax-free status transfer it to another NBS ISA or ask your new ISA provider to arrange the transfer for you.'

Mr P didn't feel this resolved his complaint and so he brought his complaint to us and one of our investigators looked into what happened.

The investigator didn't uphold Mr P's complaint. She was satisfied that NBS had done enough to draw Mr P's attention to the features of the saver account he chose to move his money into. And she said NBS' website allowed Mr P to select to see only accounts which were ISAs (and which were non-ISAs). She also agreed with NBS that Mr P had missed the deadline for replacing ISA funds for a previous year, so this wasn't any longer an option and that she wouldn't be asking NBS to do anything further.

Mr P disagreed, mainly saying:

- NBS hadn't provided a direct warning and the message wasn't clear enough or made sufficiently prominent.
- He would have been given a very specific warning about the risk he'd incur a tax liability if he'd tried to do this in a branch.
- He had no reason to look at the details of the account or suspect it was anything other than an ISA until it had matured.
- NBS provided more obvious warnings to customers transferring funds between savings accounts. He suggested it was reasonable to expect a similar or more extreme warning when transferring from an ISA to a non-ISA account with the

associated risk to tax liability.

The complaint has come 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've carried out an independent review and having done so, I've reached the same conclusion as our investigator.

We provide an informal complaint handling service. My role is to consider the evidence presented by the parties and reach an independent, fair and reasonable decision based on the facts of the case and the evidence provided by both sides. In doing so, I may not address every single point or question raised. But if I haven't done that, it doesn't mean I haven't considered the evidence and what's been said here – it just means I haven't needed to specifically refer to it in order to reach a decision in this case.

In order to uphold Mr P's complaint and award the redress he is seeking I would have to find that NBS made an error or acted in a way that wasn't fair and reasonable and it was this that led to Mr P suffering financial loss or some other detriment. So this is the focus of my decision.

I must take into account the relevant law, regulatory requirements and best industry practice when making my decision. So my starting point is that NBS was required to provide clear and not misleading information so that Mr P could make an informed decision. And it was up to Mr P to choose the account that was right for him.

NBS' website offers customers the option of separately screening ISA and non-ISA accounts. So I think it would have been relatively straightforward for Mr P to limit his choice of savings account to ISA only if that was his priority.

I think the warning that Mr P saw when making the transfer was reasonably clear. I can't fairly say that NBS failed sufficiently to alert customers to the risk that moving money to a non-ISA account risked losing its tax-free status. I don't think the '?' is enough to change the outcome here. So I don't consider NBS was responsible for Mr P's mistaken belief that he was transferring to another ISA when he says he '...naturally assumed the message did not apply to me.'

I appreciate that the account he chose had a similar name to the ISA – but it isn't called an ISA and there's no reference to it being an ISA or offering the tax benefits of an ISA in any of the product literature that Mr P would have seen.

Mr P would've had to sign up to the account terms and conditions in order to open the account. He's said '... I had no reason to look at the details of the account or suspect it was anything other than an ISA until it had matured.' But we expect consumers to take reasonable steps themselves to limit the impact of things going wrong. The onus would have been on Mr P to ensure that he was satisfied that he sufficiently understood what he was signing up to before he agreed to open his new saver account. The saver account terms don't make any reference to it being an ISA that offers tax benefits – and I think Mr P would likely have understood this if he'd looked in more detail at the account he was opening.

If Mr P had wanted assistance from NBS, he had the option of going to a branch where, I accept, he might have been given a verbal warning about the consequences of moving his

money out of an ISA. But for the reasons I have explained more fully above, that doesn't mean it would be fair for me to uphold his complaint. He chose to do things differently, as he was entitled to do. And I think NBS gave him enough options and sufficient information to be able to choose whether the saver account was right for him.

After taking into account everything that Mr P and NBS have told me, I haven't seen enough to show that NBS did anything wrong or that it treated Mr P in a way that wasn't fair and reasonable. So I can't uphold this complaint.

I hope that setting things out as I've done helps explain how I've reached my conclusions.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 October 2024.

Susan Webb
Ombudsman