

## **The complaint**

Mrs T complains Bank of Scotland plc trading as Birmingham Midshires (BM Savings) delayed an Individual Savings Account (ISA) transfer request.

## **What happened**

Mrs T instructed Birmingham Midshires (BM) to transfer her ISA to another ISA provider in August 2023. In November 2023, BM – in error, sent Mrs T a cheque for the balance of the account rather than the new ISA provider. So, Mrs T complained to BM.

BM provided referral rights to this service before it had completed an investigation into what had happened. So, Mrs T asked this service to look into the complaint. She said the delay had resulted in her funds losing its tax-free status, a loss of interest and considerable distress and inconvenience.

Before we had investigated the matter, BM issued an updated final response which was sent to Mrs T on 31 January 2024. BM acknowledged it didn't process Mrs T's ISA transfer correctly which included sending a cheque to her in error. It apologised and confirmed that it had cancelled the cheque and moved Mrs T's funds to an ISA Saver Variable Rate account to protect the tax-free status of the funds. And that on 30 January 2024 it had transferred the balance plus further interest accrued to the new ISA provider. It acknowledged the delay was excessive and it sent Mrs T a cheque for £100 in recognition of the inconvenience caused.

Mrs T told us she had returned the cheque to BM as she felt this didn't fully recognise the distress and inconvenience caused over a five-month period or cover the loss of interest.

Our investigator went on to look into the matter. And, when responding to his enquiries, BM offered a further compensation payment of £150 making a total compensation payment of £250. The investigator thought this was fair for the distress and inconvenience caused to Mrs T. But he recommended that BM should cover the interest Mrs T had lost between 15 September 2023 (allowing for the 15 days ISA providers are allowed to action ISA transfers) and 30 January 2024.

BM said it would cover any loss of interest from 25 August 2023 – the date it first received the ISA transfer request. And it sent a cheque to Mrs T for £325.22 – the additional £150 compensation it had offered plus £175.22 to make good the loss of interest. Mrs T cashed this cheque but reiterated that this wasn't the full payment BM had offered as the previous £100 cheque had been returned to BM.

She added that the £250 offered didn't fully recognise the time this matter had taken to resolve, and the distress and inconvenience caused.

The investigator maintained that he thought £250 was fair. As agreement couldn't be reached, the complaint has been passed to me to decide and I issued a provisional decision.

## **An extract of my provisional decision dated 20 August 2024**

*I'm intending to uphold this complaint. However, I recognise that Mrs T will still be disappointed as I don't intend to recommend a compensation award at the level she expected. But I hope my explanation helps her understand why.*

*When a business has made a mistake and a complaint is brought to our service, we look to place the consumer back into the position they would have been in, if the mistake had never occurred. Here, since this complaint has been with us, BM has accepted it made an error, so I don't need to make a finding on this. What I need to consider is whether what BM has offered is a fair way to resolve things. And, if not, what I think it should do to put things right.*

*From what I've seen BM took the required steps to ensure that Mrs T's funds didn't lose the tax-free status. And I've seen that the ISA has now been successfully transferred to the new ISA provider as Mrs T intended. In addition, BM has paid Mrs T £175.22 in recognition of the interest Mrs T lost because of the delay and it has provided this service with a breakdown of how this was calculated. Overall, I'm satisfied that BM has now put Mrs T back in the position she would have been in had the delay not occurred.*

*I've then gone on to think about the distress and inconvenience this matter has caused Mrs T. At this point, I think it would be helpful to explain that our awards aren't intended to fine or punish the business complained about – we are not the regulator. Rather, when assessing the level of an award for distress inconvenience we look at all the circumstances of the complaint to consider the impact a mistake had on a consumer given their individual circumstances.*

*Here, Mrs T intended the ISA to be transferred promptly in August 2023. The transfer – which should have taken a maximum of 15 days, took five months to complete. I find this delay to be excessive. And, during this time, I've seen that Mrs T sent numerous letters to both BM and the other ISA provider to establish what had gone wrong and she continued to chase BM when the mistake wasn't promptly put right. Mrs T is an elderly lady and I'm persuaded the worry about what had happened to her funds and the inconvenience of having to chase this matter up has caused her considerable distress and inconvenience. In addition, as Mrs T uses postal communication, she has incurred postal costs.*

*Having thought carefully about this, I find that an overall compensation payment of £500 more fairly recognises the overall impact this matter had on Mrs T. While it may disappoint Mrs T to hear, I don't think compensation of around £1,500 is fair in this instance. An award that high would normally be appropriate where a business' mistakes cause sustained distress, potentially affecting someone's health, or causing severe disruption to daily life which would typically last over a very lengthy period. And I'm not persuaded that what Mrs T has told our service can be considered this severe.*

### **Putting things right**

*Mrs T has received payment for the loss of interest - £175.22. She has also received £150 of the compensation offered by BM. But as mentioned above, Mrs T has told us she returned the original £100 cheque. So, taking this all into account, I intend to tell BM to pay Mrs T a further £350 (bringing the total compensation payment to £500).*

*BM responded to my provisional decision saying it had nothing further to add.*

*Mrs T also responded saying – in summary, that BM's long delays and mistakes has caused her a great deal of distress, lack of sleep, worry and financial harm. She says this has led to a decline in her health.*

## **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'd like to reassure Mrs T that I have read and considered her correspondence in full including her most recent correspondence. And I'm very sorry to hear about the decline in her health. But when considering the matter overall, I see no reason to depart from the findings made in my provisional decision.

BM has accepted it made an error and caused delays to Mrs T's ISA transfer. But it took steps to ensure Mrs T's ISA didn't lose its tax-free status and it has since put right the financial loss it caused by paying Mrs T the interest she lost. I'm satisfied that this puts Mrs T back in the financial position she would have been in had the delays and mistakes not occurred – which is what I would expect.

Mrs T has told us that the problems caused by BM has impacted her health – specifically she says that walking is harder, household duties are harder and there has been little time for hobbies, outings, and holidays.

While I've no doubt that this matter has caused Mrs T distress and inconvenience, I'm not persuaded that the events that happened here are the sole reason Mrs T's health has declined. Overall, I'm satisfied that a distress and inconvenience award of £500 (in total – including payments already made) is fair in all the circumstances of this complaint.

## **My final decision**

For the reasons given above – including those in my provisional decision, I uphold this complaint.

Bank of Scotland plc trading as Birmingham Midshires (BM Savings) should now pay Mrs T a further £350 – which includes the £100 cheque payment that Mrs T returned, bringing the total compensation payment to £500).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 16 October 2024.

Sandra Greene  
**Ombudsman**