

The complaint

Mr O is unhappy that Close Brothers Limited, trading as Close Brothers Savings, wouldn't complete an ISA transfer he instructed to another ISA provider.

What happened

Mr O held an ISA with Close and wanted to transfer his ISA balance to another ISA provider (the 'receiving bank'). However, Close cancelled the transfer because the receiving bank would only accept ISA transfers via cheque, which was an ISA transfer method that Close didn't offer. Mr O wasn't happy about this, so he raised a complaint.

Close responded to Mr O and confirmed that they don't offer ISA transfers by cheque and that because of this they didn't feel that they'd done anything wrong. Mr O wasn't satisfied with Close's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Close had acted unfairly in how they'd managed the situation. Mr O 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.

Having done so, while I accept that it's unfortunate for Mr O that Close didn't provide an ISA-transfer-by-cheque service, I'm satisfied that Close are under no obligation to do so. This meant that Close were unable to complete the ISA transfer because the receiving bank would only accept ISA transfers via cheque – which was a method that Close didn't offer.

In their response to Mr O's complaint, Close explained why they don't offer an ISA-transfer-by-cheque service. Close's explanations in this regard seem reasonable to me, and I commend them for explaining their position to Mr O in this way. However, the salient fact remains that Close don't offer an ISA-transfer-by-cheque service and are under no obligation to do so.

In his correspondence with this service, Mr O has referred to a document on the GOV.UK website entitled 'Cash ISA to Cash ISA Transfers – suggested best practice', and specifically to the following clause:

"The transfer of funds must not be made by electronic means (unless where both parties are using the BACS system) or bulk payment by cheque unless agreement has been reached between the ISA providers"

But the section that Mr O highlights confirms that an electronic transfer (which Close offer) couldn't take place because the receiving bank didn't use the BACS system. And it also confirms that a transfer by cheque (which the receiving bank accept) also couldn't take place, because an agreement wasn't reached between Close and the receiving bank,

because Close don't offer an ISA-transfer-by-cheque service.

Additionally, even if I felt that the document to which Mr O refers did suggest that it would have been best practice for Close to have completed the transfer by cheque (which, for the sake of clarity, I do not feel is the case), then it must be recognised that the document comprises suggested recommendations only, and is not in any way prescriptive.

Ultimately, as explained, there was no obligation on Close to offer an ISA-transfer-by-cheque service, and Close have explained to Mr O in their response to his complaint that they don't possess the facility to offer such a service.

It's therefore unfortunate for Mr O that he sought to transfer his ISA balance to a provider who would only accept an ISA transfer via a transfer method that Close didn't offer. But it doesn't follow from this unfortunate incompatibility between Close and the receiving bank that Close have acted unfairly towards Mr O as Mr O contends.

As part of my review, I've also considered whether Close advised Mr O that they wouldn't be able to complete the transfer in a timely manner. To that end, I note that Close received the transfer request from the receiving bank on 9 April 2024 and notified Mr O that the transfer could not be completed the following day, 10 April 2024. This doesn't seem an excessive timeframe to me, and as such I'm satisfied that Close did notify Mr O that they wouldn't be able to proceed with the transfer, following their receipt of the transfer instruction from the receiving bank, within a fair and reasonable timescale.

Finally, I note that Mr O is unhappy that because of the failure of the ISA transfer, he felt compelled to withdraw his ISA funds from their ISA wrapper, which had consequences (such as an early-withdrawal fee, loss of ISA status, etc.) about which he is now unhappy.

However, given that I don't feel that Close have acted unfairly here, it follows that I don't feel that Close should be considered responsible for Mr O having to withdraw his funds from the ISA wrapper. Rather, I feel that the decision to withdraw the money from the ISA wrapper was a decision made by Mr O in full understanding of the consequences of that decision, as evidenced by the correspondence between Mr O and Close at that time. Accordingly, I don't feel that Close should reasonably be instructed to take any further action in this regard.

I realise this won't be the outcome Mr O was wanting, but it follows from all that I've explained here that I won't be upholding this complaint or instructing Close to take any further action.

This isn't to say that Mr O hasn't been frustrated by what's happened. But it is to say that I'm satisfied that any frustration Mr O has incurred isn't the result of any unfair action by Close, but rather is the result of the unfortunate incompatibility between the ISA transfer services offered by Close and the receiving bank. I hope that Mr O will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 November 2024.

Paul Cooper
Ombudsman