

The complaint

Mr H complains Barclays Bank UK PLC ("Barclays") made mistakes when he opened a new ISA.

What happened

Mr H had an existing Help to Buy ("HTB") ISA with Barclays open for some years into which he was regularly paying. Following the announcement in the budget on 6 March 2024 of the change to ISA rules - allowing individuals to pay into more than one of the same type of ISA in the same tax year, subject to the annual allowance - Mr H opened a cash ISA with Barclays and paid in £9000.

When Mr H then tried to make a further regular payment to the HTB ISA on 1 May 2024 it was rejected. He contacted Barclays and he was told he couldn't pay into this as he's already paid into the cash ISA that year. He made a number of calls to Barclays on 1 May 2024 and was given different and conflicting advice by call handlers. He complained about not being able to add to this HTB ISA and about the unclear information he received from Barclays.

Barclays investigated and partly upheld the complaint. It didn't think it has done anything wrong in respect of the ISA's. It told him the new cash ISA he'd subscribed to on 6 April 2024 wouldn't allow him to pay into the existing HTB ISA as both ISA's were cash ISA's. And because his allowance was £20000. But Barclays did uphold the complaint in respect of the incorrect information he was given when he called them to ask why his HTB ISA subscription was rejected. And it offered him £100 compensation for this incorrect information. Mr H didn't think that was a reasonable response and brought the complaint to us.

Our investigator issued two views. In the first he thought Barclays had offered a fair solution so didn't require them to do anything further. Mr H disagreed. He thought some errors had been made in the calculation of his annual allowance. He also thought the consequences of him closing the account in term of loss of interest hadn't been factored in along with the increases in house prices over the coming year.

In his second view, after receiving more information from Barclays, our investigator thought it needed to do more to put things right. He thought they should pay a further £100 compensation. He said Mr H should be given the option of closing the cash ISA including the interest it had earned or keeping it open alongside the HTB ISA.

Barclays disagreed. It accepted it's agent could've been clearer but felt it was Mr H's choice to open the new ISA without seeking advice beforehand. Barclays didn't see the relevance of the investigators recommendation to give Mr H the option to close the Cash ISA including interest earned or keeping it open alongside the HTB ISA as they couldn't see how anything about closing or keeping the current ISA is part of the outcome of this complaint. Barclays asked if there was any evidence to support the greater impact on Mr H that they had not been made aware of.

Mr H later told us he'd be interested in closing the Cash ISA if he could keep the interest

earned so far and be reimbursed for the lost interest between now and the new tax year. He also wanted to receive a guarantee from Barclays that he could immediately resume the monthly payments into his HTB ISA. This proposal was put to Barclays. It said as the matter as now referred for an ombudsman's decision it would wait for that but if Mr H wanted to do any business as usual servicing of his ISA's outside the complaint he could do so by speaking to the ISA team. I asked Barclays for more information on the operation of the HTB ISA should the cash ISA be closed or transferred.

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 I've come to the view that I'm partly upholding this complaint. I'll explain my reasons.

The information I've seen satisfies me Barclays haven't done anything wrong I respect of the first part of the complaint. Although the budget in March 2024 announced changes to the number of cash ISA's one could hold in a tax year - subject to the annual allowance - that wasn't something Barclays was offering customers at the time Mr H opened the account. And I can see from its website that remains the case at the present time. So, although I appreciate Mr H thinks Barclays have made an error here, I don't agree.

There's no evidence before me to show Mr H contacted Barclays before opening the cash ISA for any advice or information. Responsibility is on the investor to make sure the product meets their needs and it's suitable before agreeing to the terms. So, I don't think Barclays need to do anything further here. I appreciate, from what Mr H has told us, it's very unlikely he would have gone ahead with opening this cash ISA had he known the consequences it would have on his HTB ISA. It seems to me to be a genuine mistake on his part. But that is not something it would be fair for me to hold Barclays responsible for.

Where I do think Barclays have done something wrong is with the information and varying explanations it gave Mr H when he queried why he could no longer pay into his HTB ISA. And in relation to the possibility and availability of holding multiple cash ISA's at Barclays. The call recordings Barclays have sent satisfy me on more than one occasion Mr H was given incorrect information and that he received very different explanations from staff as to the banks position on this change to the ISA rules. As far along as the FRL on 24 May 2024 Barclays were saying the one of the reasons Mr H couldn't pay into the HTB ISA was the cap on the annual allowance, which, I think, it's now accepted, is wrong.

Our compensation guidelines state an award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment, or loss of expectation. Having listened to the calls where the multiple errors are made, I think the award of £200 for the repeated misinformation and changes of position by Barclays is in that range. So, although I appreciate Barclays think the £100 compensation, it has offered is very fair and reasonable, for the reasons I've explained, I think £200 properly reflects the distress and inconvenience caused by its failings here.

I think it's entirely a matter for Mr H whether he leaves the Cash ISA open. If he does, it's with the knowledge that he can't make further monthly contributions to the HTB ISA in this tax year. Barclays don't offer that and their systems are not set up to enable this. If Mr H choses to close or transfer the Cash ISA to another provider, then I think Barclays should pay him the interest accrued on it in line with the terms and conditions in force when he took

it out.

I've asked Barclays to confirm the position and they've told us if Mr H chooses to close or transfers out the Cash ISA he will be able to make further contributions to the HTB ISA. But, if he did this, Mr H would pay the early closure penalty as the Cash ISA was still in the flexi fixed period. As that's in line with the terms agreed to on opening the account, I think, it's fair and reasonable, so wouldn't ask Barclays to do anything more. Given the limited number of months left in the tax year, if closure or transfer of the Cash ISA is chosen by Mr H, I would expect this to be dealt with promptly by the bank.

Putting things right

For the repeated misinformation Barclays Bank UK PLC should pay Mr H £200 compensation for the distress and inconvenience.

My final decision

My final decision is that I uphold this complaint in part. In respect of the incorrect information Barclays Bank UK PLC gave about payments into his HTB ISA it should pay Mr H £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 January 2025.

Annabel O'Sullivan
Ombudsman