

The complaint

Mrs W complains that Nationwide Building Society made mistakes which led to the delay, and eventual failure, of her requested ISA transfer. She wants Nationwide to compensate her for the interest she's lost and for the distress and inconvenience she's been caused.

What happened

Mrs W completed an ISA transfer form in a Nationwide branch on 12 July 2023. She gave instructions to transfer her stocks and shares ISA with a third-party provider, who I'll refer to as "X", to a fixed rate cash ISA with Nationwide.

I set out a timeline in my provisional decision and I won't repeat that again here. But, in summary, from mid-August onwards, Mrs W was in contact with both Nationwide and X to try to find out what was taking so long. And she complained when nothing progressed. On 18 September Nationwide offered her £25 to cover the cost of her calls, which she accepted. X rejected the transfer request and Nationwide wrote to Mrs W to tell her, but she didn't receive the letter.

In early December, Mrs W contacted X to ask why her ISA hadn't been transferred and it told her it required her signed authority form to include the correct account number. At this point Mrs W decided to transfer her ISA to a different provider. She gave instructions on 4 December and this was completed reasonably quickly.

In its final response to Mrs W's complaint, Nationwide accepted that its member of staff in the branch had keyed in the wrong account number on 12 July. It offered to pay Mrs W £75 by way of an apology. It said it had been chasing X but didn't receive Mrs W's money. It said that, on 27 September, it wrote to Mrs W to tell her the transfer had been rejected by X because of "*an issue with your signature*". It didn't agree to compensate her for any lost interest because it said it had followed the correct process.

Our investigator thought Nationwide's offer of £75 was fair and reasonable compensation for the error with the account number, together with the £25 already paid. She didn't think Nationwide was responsible for the issue with the signature. Mrs W didn't agree, saying there was no evidence that there was a signature error which caused a delay and that she'd lost 153 days interest at 5.10% on a £20,000 investment.

My provisional decision

I set out my conclusions in a provisional decision. I thought Nationwide needed to pay Mrs W some interest, although not for the number of days she'd suggested. I said:

Firstly, let me say that I understand Mrs W's frustration here. She'd given what she thought was a fairly straightforward instruction which she expected would be completed within a short timescale. Indeed, her husband submitted an identical instruction at the same time and his transfer was completed on 9 August 2023 – within the government's guideline transfer time of 30 calendar days. And to try to find

out what was going on, and to try to get some progress, Mrs W spent time contacting both ISA managers, without any success.

It's possible that both ISA managers may have made mistakes which led to the delay and eventual failure of the transfer. But I can't comment on whether I think X made any mistakes or caused any delays. That's because this complaint is only about what Nationwide did or didn't do. Mrs W may want to complain to X, and she can of course refer that complaint to us if she isn't satisfied with X's response.

I find the transfer was rejected because of two problems. The account reference in the transfer form was wrong. And there was a discrepancy with the signature. This was clearly set out in X's letter to Nationwide dated 12 September when it said:

"On this occasion, we are unable to process the transfer as there is a discrepancy with the client's Signature. In addition, there is also a discrepancy with the ceding reference provided."

It's not clear when Nationwide received this letter. But I think it's more likely than not that it had it by 18 September. I say this because that's the day Mrs W phoned Nationwide to find out what was going on and she was able to confirm the signature issue, (she had changed her surname) had been resolved.

So I think it more likely than not that, by 18 September, Nationwide should have reasonably realised that the only discrepancy preventing the transfer was that the wrong account number was quoted in the transfer authority form.

I find Nationwide was responsible for this error with the account number, and it's accepted that. I need to consider what impact that mistake had, whether Nationwide acted reasonably in trying to resolve it, and whether its offer of £75 fairly compensates Mrs W.

X wrote to Nationwide on 17 July to tell it the account number was wrong. Nationwide contacted Mrs W to obtain the correct account number and I'm satisfied it had this by 4 August. But Nationwide didn't contact X again until 23 August – and after Mrs W had contacted it to complain about the delay. I think, knowing it had keyed in the incorrect account number, Nationwide should have acted more quickly at this stage to resolve matters. I think it would've been reasonable for it to have contacted X within two working days, so by 9 August.

I don't think Nationwide acted unreasonably in emailing X with the correct account number – I've not seen evidence that Nationwide was made aware a new transfer instruction form needed to be completed. And, in response to that email, X said the only thing it needed was Nationwide's acceptance on letter headed paper, which Nationwide provided on 5 September. So I think it was reasonable, at that point, for Nationwide to conclude that its email advising of the correct account number was sufficient and that X had all the information it needed to proceed.

But, as noted earlier, on 12 September, X wrote to Nationwide to tell it that it couldn't process the transfer. On 20 September, following Mrs W's call on 18 September – when she confirmed the signature issue had been resolved – Nationwide re-sent the transfer authority form. But it re-sent the original form, which it knew contained the incorrect account number, with no accompanying email. I think Nationwide should've reasonably realised this wouldn't be accepted.

X had already rejected the transfer for two reasons. The signature issue had been resolved by 18 September. But the incorrect account number hadn't. I think Nationwide should've reasonably realised it needed Mrs W to complete a new transfer authority form or, at the very least, it should've sent an accompanying email with the transfer form to confirm the correct account number.

Had Nationwide done this on 20 September, I think it more likely than not that the transfer would have been accepted by X.

I don't think it unreasonable to conclude that, because the ISA account with X consisted of a cash balance only, the transfer would most likely have taken place within five working days – so by 27 September 2023.

Mrs W decided to transfer to another provider on 4 December. Because of Nationwide's mistakes and delays, I find she missed out on interest from 27 September to 4 December 2023. I think Nationwide should compensate her for the interest she's missed out on for that period. But the earlier delay meant she should also have had things sorted out 14 days sooner, so the interest compensation period should run from 13 September.

Had the transfer taken place, she would have received interest at a rate of 5.1% - the rate on the account she'd opened with Nationwide. But Mrs W was receiving interest whilst her money remained with X at a variable rate. It's fair that this is deducted from the amount Nationwide pays her. Hopefully Mrs W will be able to add the amount Nationwide pays her to her ISA account, if she hasn't already used this tax year's allowance.

In coming to this conclusion, I've taken into account that, had Mrs W received Nationwide's letter dated 27 September telling her the transfer had been rejected, she would probably have contacted it to try to resolve things and the transfer may have been successfully completed. I'm satisfied the letter was sent and that it was correctly addressed, so I can't hold Nationwide responsible for it not being delivered. But I don't think Nationwide should have sent this letter at all. I say this because it knew the signature issue had been resolved, and it reasonably should have realised by then that it needed Mrs W to complete a new transfer authority form with the correct account number.

I've also taken into account that Mrs W's husband gave the same instruction at the same time and his transfer was completed by 9 August. But I can't conclude with any certainty that Mrs W's transfer would have completed by this date if Nationwide hadn't made any mistakes or caused any delays. That's because X also rejected Mrs W's transfer instruction because of the signature issue.

Mrs W was clearly caused some distress and inconvenience because of Nationwide's mistake. I've also set out above that I think there were occasions when Nationwide should've acted more quickly to try to progress the transfer. Also, as the new ISA provider, and the party who'd requested the ISA transfer, I think it's reasonable to expect Nationwide to have updated Mrs W as required and take any additional steps that were needed to progress the transfer. But, from what I've seen, it appears to have been Mrs W who had to contact Nationwide, and X, because she hadn't been kept informed of what was happening. Nationwide paid Mrs W £25 towards the cost of her phone calls, which I think is fair. And I think it should pay her £150 for the distress and inconvenience caused. I think this is a fair and reasonable amount in the circumstances.

Responses to my provisional decision

Mrs W said, in summary, that:

- She opened her Nationwide account on 12 July 2023 and Nationwide’s policy is to pay interest from the date the account is opened. This means she started to lose out on interest from 12 July. If Nationwide pays her interest from an arbitrary date of 13 September, she will still be out of pocket.
- The signature issue had nothing to do with the root cause of the delay which was because Nationwide keyed in the wrong account number.

Nationwide agreed with my provisional decision. It asked for confirmation of the interest rate X was paying for the period 13 September to 4 December 2023.

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.

Nationwide’s terms for its cash ISA say that, when money is transferred from another ISA manager, it will “*backdate the interest to the date we received your ISA transfer application*”. But in Mrs W’s case, the money was never transferred to Nationwide, and she transferred it to another provider. And, whilst I’ve found that Nationwide made mistakes here, I wouldn’t expect it to honour any backdating of interest because the account was never funded.

Rather than an arbitrary date, I explained in my provisional decision the reason why I thought 13 September was the date that Nationwide should pay interest from. And, whilst I appreciate Mrs W is disappointed, I’ve not seen any new evidence which would lead me to change that conclusion.

Nationwide says it wants to know the interest rate applied by X during the relevant period. We’ve already provided Nationwide with details of the interest Mrs W received during this period which I think should be sufficient for it to calculate the amount it needs to pay her. But it can contact X to find out the rate should it require it.

My final decision

For the reasons I’ve explained, my final decision is that Nationwide Building Society should:

1. Calculate the interest Mrs W would have received for the period 13 September to 4 December 2023 inclusive at a rate of 5.1% simple per annum.
2. Deduct the interest Mrs W received from X during this period and pay the balance to her.
3. Pay Mrs W £150 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs W to accept or reject my decision before 26 November 2024.

Elizabeth Dawes
Ombudsman