

The complaint

Mr H complains about delays caused by National Westminster Bank Plc (“NatWest”) when he instructed it to transfer his ISA account held with another provider.

He told us he wanted the transfer to be completed, compensation for loss of interest and for the distress and inconvenience caused, and for NatWest to improve its processes.

What happened

In brief summary, Mr H opened a fixed rate cash ISA with NatWest in June 2023. In early July he completed a transfer authority form to transfer from his existing stocks and shares ISA with another provider who I’ll refer to as “P”. Mr H didn’t correctly complete the form and NatWest wrote to him on 13 July to ask him to complete a replacement authority form. NatWest said it would send him the form, but it later told him he should complete it in branch which Mr H did towards the end of July.

NatWest requested the transfer on 12 August and told Mr H it would be completed within 30 days. But cleared funds weren’t credited to his account until 11 January 2024. Mr H told us he’d contacted, and attempted to contact, NatWest by phone on several occasions during this period to try to progress matters. He complained about the delay in September.

NatWest sent a final response to his complaint on 10 October. It apologised for the delay and said the transfer would be completed in a “*short time*”. It paid him £60 for the distress and inconvenience caused and assured him the delay wouldn’t financially impact him as “*the interest calculation will be backdated, and the original interest rate will be applied*”.

Since referring his complaint to us, the transfer was completed on 10 January 2024.

Our investigator thought that NatWest should pay Mr H an additional £90 to reflect the distress and inconvenience caused. And she noted NatWest had offered to pay backdated interest which she thought was fair and reasonable.

After the investigator had sent her view of the complaint, NatWest told us it had paid Mr H 19 days interest, totalling £123.38. When the investigator queried this amount, NatWest said it had paid interest to cover the period from when it received the cheque from P to when the cleared funds were credited to Mr H’s account. But it also said the amount credited was £103.90 rather than the £123.38 it had originally told us.

Mr H said he’d received an interest payment in his account on 5 April 2024, but this didn’t reflect the period from when he first gave transfer instructions. So he didn’t agree with our investigator’s conclusion, and the complaint was passed to me.

My provisional decision

I thought NatWest needed to pay Mr H more than it had to fully compensate him and explained why. I said:

Firstly, Mr H has said he would like NatWest to improve its processes. But the ombudsman service isn't the industry regulator. That means we don't set the rules for financial businesses or police the industry to make sure those rules are followed. And we don't have the power to fine or punish businesses, or to order them to change or improve their processes. These are all issues dealt with by the regulator, the Financial Conduct Authority (FCA). My role is instead to consider individual disputes and reach an outcome I think is fair and reasonable in the particular circumstances of each.

Mr H first requested a transfer on 7 July 2023. But the form wasn't completed correctly. There was a delay, and some miscommunication, in NatWest providing a new form for Mr H. But I think Mr H probably benefitted from this short delay because, when he visited a branch on 29 July to check the correct information had been keyed in, he was able to open a new ISA account with a higher interest rate. So I don't think NatWest needs to pay compensation for the delay here.

NatWest sent the request to P on 12 August and told Mr H the transfer would be completed within 30 days, which is the government guideline for ISA transfers.

But the transfer took around five months and wasn't completed until 10 January 2024.

In its final response to Mr H's complaint dated 10 October 2023, NatWest accepted responsibility for the delay. It said, "*There are delays in funding your accounts [sic] due to high volume of ISA transfers.*" It apologised and said, "*To ensure the delay in the transfer of funds from 3rd party banks does not impact you, the interest calculation will be backdated and the original interest rate will be applied.*"

Our investigator took reassurance from this that Mr H wouldn't lose out because of the delay. But I don't find NatWest has fully compensated Mr H.

It told us it had paid him 19 days interest, but then said it had paid 16 days' interest. I asked NatWest to confirm how much it had paid. It told me £123.38 for 19 days, but it attached evidence showing £103.90 for 16 days. So it remains unclear. Either way, this only represents compensation for the delay from when the cheque was received from P to when it was credited to Mr H's account and doesn't fully compensate him for what went wrong here.

For the reasons I've mentioned above, I think it's fair that we use 29 July as the date that

Mr H completed the transfer authority form – because this was the date he opened the (second and higher interest paying) ISA account with NatWest and confirmed the information on the transfer request form was correct. Government guidelines state that a transfer shouldn't take longer than 30 calendar days. I've not seen any evidence to persuade me that there was anything particularly complex here, or outside of NatWest's control, which would cause the transfer to reasonably take longer than 30 days. So I find the transfer should have been completed by 28 August 2023.

In its final response letter, NatWest accepted it was responsible for the delay and that it would credit Mr H's account with the back-dated interest. I find this fair as it will put Mr H back in the position he'd be in if NatWest hadn't caused a delay. But I find NatWest hasn't done what it said it would, so it needs to put that right.

There has been further delay since NatWest's final response letter. NatWest told us it didn't know the reason for the delay and that it had chased P "*multiple times*". But it only provided evidence of one email dated 23 October. I've not seen enough to show that NatWest was actively trying to progress Mr H's transfer. As the party who'd requested the transfer, I find NatWest should reasonably have taken the necessary steps – such as finding out the reason for the delay and actively ensuring outstanding matters were resolved – to ensure the transfer was completed as quickly as possible. I find it failed to do this.

Nor have I seen any evidence that it contacted Mr H. As the new ISA provider, and the party who'd requested the transfer, I think it's reasonable to expect NatWest to have kept Mr H up to date.

And I set out what I thought NatWest needed to do to put things right. I said:

I am minded to conclude that NatWest should credit Mr H's ISA account with interest due for the period from 28 August 2023 (the date by which the transfer should have completed) to 10 January 2024 (the date the funds were credited to his account). NatWest can deduct the amount of back-dated interest it has already credited to Mr H's account.

I'm satisfied that Mr H spent a lot of time contacting, and attempting to contact, NatWest to find out what was going on. I agree with our investigator that £150 is fair and reasonable to reflect the distress and inconvenience he's been caused.

Responses to my provisional decision

Mr H said he hadn't received any correspondence from NatWest since the complaint had been referred to this service.

NatWest said it didn't have anything further to add.

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.

As neither party has provided any new evidence or information, I see no reason to depart from my earlier conclusion.

Mr H says NatWest hasn't been in contact with him. But I don't think that's unreasonable. Mr H referred his complaint to this service for us to investigate and, once he'd done this, any correspondence about the complaint would usually come to us, rather than continuing directly between the parties. I would expect NatWest to be in contact with Mr H if he tells us, within the required timescale, that he has accepted my decision.

My final decision

My final decision is that National Westminster Bank Plc should:

1. Credit Mr H's ISA account with interest due for the period from 28 August 2023 to 10 January 2024. NatWest can deduct the amount of back-dated interest it has already credited to Mr H's account.
2. Pay Mr H £150 for the distress and inconvenience he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 November 2024.

Elizabeth Dawes
Ombudsman