

The complaint

Miss H is unhappy that National Savings and Investments (“NS&I”) didn’t accept a transfer of £16,000 she made into her ISA.

What happened

On 5 April 2023, shortly before the end of the 2022/23 tax year, Miss H instructed a transfer of £16,000 into her ISA.

Because Miss H hadn’t made any deposits into her ISA during the previous tax year, or any prior deposits into her ISA during that tax year, NS&I were required to send a declaration form (known as a GAP letter) to Miss H for her to sign and return. NS&I required the signed GAP letter back from Miss H no later than 5 May and wouldn’t be able to process Miss H’s instruction to fund her ISA unless it was received by that date.

Personal matters meant that Miss H didn’t become aware of the GAP letter until 29 April and wasn’t able to post it to NS&I until 2 May. Miss H felt that by posting the signed GAP letter back to NS&I on 2 May that she had fulfilled the criteria for NS&I to process her transfer. But she later found that NS&I had cancelled the transfer because they hadn’t received the GAP letter than Miss H had posted to them until 9 May, which was after the 5 May deadline.

Miss H wasn’t happy about this, especially as it meant that her ISA allowance for the 2022/23 tax year was effectively lost, so she raised a complaint. NS&I responded to Miss H but confirmed that they hadn’t received the completed GAP letter until 9 May, which meant that as per ISA rules they weren’t permitted to accept the transfer that Miss H wanted to instruct on 5 April.

However, NS&I did note that when Miss H had spoken with them about this matter, she hadn’t received the standard of service from their telephony agents that she was reasonably entitled to expect. NS&I apologised to Miss H for this and paid £75 to her as compensation for any trouble or upset she may have incurred. Miss H wasn’t satisfied with NS&I’s response, so she referred her complaint to this service.

One of our investigators looked at this complaint and liaised with Miss H and NS&I about it. During their review, NS&I reassessed their position on the service aspect of Miss H’s complaint and offered to pay a further £50 compensation to her, taking the total amount of compensation payable for that aspect of Miss H’s complaint to £125.

Our investigator felt that NS&I’s increased offer of compensation provided a fair outcome to the service aspect of Miss H’s complaint. And they didn’t feel that NS&I had acted unfairly by not processing Miss H’s transfer request, given that they hadn’t received the completed GAP letter from Miss H by the required deadline. Miss H didn’t agree and felt that NS&I should be instructed to honour her 5 April transfer request. 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.

In her correspondence with this service, Miss H has explained why she wasn't able to post the signed GAP letter back to NS&I until 2 May.

However, while the fact that Miss H couldn't post the GAP letter to NS&I until that date is understandable, it doesn't change the fact that NS&I didn't receive the signed GAP letter from Miss H until 9 May – at which time the deadline given on the GAP letter had expired.

This means that, unfortunately, NS&I couldn't retrospectively complete Miss H's requested transfer from 5 April – because NS&I didn't receive the signed GAP letter from Miss H in time for them to be able to do so.

It's important at this stage to point out that NS&I's actions in requiring a signed GAP letter from Miss H by a certain date were in keeping with ISA rules as mandated by HMRC at that time. And it's also important to confirm that it isn't the date that Miss H signed or posted the GAP letter that's relevant here. Rather, it's the date that NS&I received it.

Miss H has explained that when she posted the signed GAP letter to NS&I on 2 May, she used the prepaid return envelope that NS&I had provided. However, it appears that this envelope was prepaid second class, which would explain why NS&I didn't receive the GAP letter for several days.

Miss H didn't have to use the prepaid envelope provided to her. And I feel that Miss H could and reasonably should have used a quicker postage method, such as recorded delivery, to ensure that the important document reached NS&I within the required timeframe.

Ultimately, I'm satisfied that it isn't NS&I's fault that Miss H didn't get the signed GAP letter to them within the timeframe necessary for them to be able to complete her requested transfer. And while I accept that it's unfortunate that Miss H didn't become aware of the GAP letter sooner, or use a quicker method of postage, the result was that NS&I didn't receive the signed GAP letter in time.

This meant that NS&I simply weren't allowed, as per ISA rules, to complete the transfer as Miss H wanted. This is unfortunate for Miss H, but I don't feel that it's unfair, and I'm satisfied that Miss H had the same opportunity to return the signed GAP letter to NS&I as all their other customers. And because of this, I won't be upholding this aspect of Miss H's complaint.

Finally, regarding the service issues of Miss H's complaint, I feel that the additional £50 compensation that NS&I have offered to Miss H in this regard does represent a fair outcome to this aspect of her complaint.

In arriving at this position, I've considered the impact on Miss H of the poor service that she received, including that she was incorrectly told by one of NS&I's agents that her requested transfer would be retrospectively completed, which gave Miss H a false expectation that this matter would be resolved as she wanted. And I've also considered the general framework this service uses when assessing compensation amounts, details of which are on this service's website.

Having taken these factors into account, I feel that a total compensation amount of £125 does represent a fair resolution to the service aspect of Miss H's complaint. And I confirm that this amount is commensurate with what I might have instructed NS&I to pay to Miss H

here, had they not already offered to do so.

All of which means that while I will be upholding this complaint in Miss H's favour, I'll be doing so only to instruct NS&I to pay the further £50 to Miss H that they've already offered to pay. And I won't be issuing any further instructions to NS&I beyond this.

I realise this won't be the outcome Miss H was wanting, but I hope that she'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

NS&I must pay a further £50 to Miss H, so that the total compensation payable is £125.

My final decision

My final decision is that I uphold this complaint against National Savings and Investments on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 19 December 2024.

Paul Cooper
Ombudsman