

The complaint

Mr B is unhappy about the service provided by Tesco Personal Finance Limited trading as 'Tesco' in connection with an ISA* transfer.

**Individual Savings Account.*

What happened

Mr B opened a Fixed Rate ISA account with Tesco on 1 June 2023.

Tesco received a Transfer Authority Form on 13 June 2023 asking it to arrange transfer of an ISA from another financial business I'll call 'C'. This proved to be straightforward and the transfer completed on 20 June 2023.

Mr B sent a further Transfer Authority Form, received by Tesco on 23 June 2023, requesting a transfer in relation to an ISA held with a financial business I'll call 'B'. Tesco processed this request promptly, but it was rejected by B as it was unable to locate Mr B's account.

This meant Tesco needed Mr B to complete and provide it with a new Transfer Authority Form in order to attempt the transfer again. But by this time, he was outside the 30-days funding period he had to invest in the ISA he'd opened on 1 June. So Tesco opened a new Fixed Rate ISA account for him on 6 September 2023.

Mr B signed an updated Transfer Authority Form on 8 September 2023 and Tesco received this on 11 September 2023. It sent this request to B on 19 September 2023.

Tesco received the funds from B on 9 October 2023. Unfortunately, it didn't receive the cash history form it also required until 1 November 2023, so this delayed Tesco being able to fund Mr B's account.

Mr B complained to Tesco about the way that it had handled the transfer from B. He wanted a four-figure amount of compensation to reflect his wasted time, loss of interest and the fact he'd had to constantly call Tesco due to being kept waiting from June - November to invest the B funds in his Tesco ISA.

In response, Tesco said it had correctly backdated the interest to 9 October 2023 to reflect the date it had received Mr B's money and offered him £200 compensation. This included £123.79 to cover interest Mr B could have earned from when Tesco received Mr B's second Transfer Authority Form up until 8 October 2023 (the day before the funds were sent by B). Tesco rounded up the compensation amount to £200 by way of apology for delay in processing the Transfer Authority Form and for failing to call Mr B back as promised.

Unhappy with this response, Mr B brought his complaint to us. Our investigator said Tesco's process meant it wasn't able to apply the funds received from B on 9 October 2023 to Mr B's new ISA without the missing cash history form. She could see that Tesco had chased Barclays twice for that form, and eventually it was sent on 1 November 2023. So she didn't

feel that Tesco was responsible for any delays experienced by Mr B and she said she wouldn't be asking Tesco to pay any further interest or compensation for this reason.

Mr B however disagreed with the investigator's view and he's asked for an ombudsman to look at the complaint.

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 thought about everything I've seen and been told, I've independently reached the same overall conclusions as our investigator. I'll explain why I say this.

I sympathise with Mr B's frustration about what happened. As I understand things, he is mainly concerned that he had to repeatedly chase both Tesco and B throughout the period June- November 2023 in order to try and progress the transfer. He feels that Tesco let him down because it didn't provide any proactive assistance, it failed to call him back as promised on occasion and didn't backdate things as he'd been led to expect, leaving him with two ISAs with different end dates. In summary, he felt Tesco's overall customer service was below standard.

It took longer than Mr B might reasonably have expected the transfer from B to take and he's mainly concerned about what happened from June 2023 onwards. But in order to uphold Mr B's complaint and award the redress he is seeking I would have to find that Tesco made an error or acted in a way that wasn't fair and reasonable and this led to Mr B suffering financial loss or some other detriment that it hasn't put right. So this is the focus of my decision. And I've thought carefully about how far Tesco is responsible for the impact on Mr B of what happened.

I am satisfied that Tesco processed Mr B's transfer request received on 23 June 2023 within the expected timescale for this to happen, sending this electronically to B four days later. Mr B however had provided some incorrect information on the form, made an amendment on the form which was unclear and referred mistakenly to a cash ISA when B held only a stocks and shares ISA in his name. So B rejected the transfer request.

On 10 July 2023 Tesco was made aware that B had rejected the transfer and Tesco wrote to Mr B to tell him.

Following a phone call from Mr B on 6 September 2023, Tesco sent him a new transfer request form to complete – and it received this back, completed and signed by Mr B on 11 September 2023.

Tesco should have sent this transfer request on to B within an expected 5-days timescale – which didn't happen. It overran by a couple of days. So it's fair to say that Tesco was responsible for this short delay.

However, after that, further delays that followed weren't Tesco's fault. This time, Tesco couldn't send the transfer request electronically – Mr B had confirmed the ISA as stocks and shares so it needed to be sent manually to B. The process for transferring a stocks and shares ISA can take up to 30 days to complete as per HMRC guidance once the processing has begun. In the event, B processed this well within that timescale and Tesco received the funds (a five-figure amount) on 9 October 2023. B hadn't however provided the necessary cash history form (showing how those funds were made up) and this prevented Tesco from being able to pay the money straight into Mr B's Tesco ISA. I am satisfied that Tesco was

reasonably proactive at this point, chasing up B for the missing paperwork it needed. And when this was provided by B, Tesco completed the transfer promptly.

All in all, whilst I am sorry for the undoubted anxiety this caused Mr B, bar a couple of days delay sending the transfer request to B, I don't find that Tesco was significantly to blame for it taking from June to November for the transfer to complete.

Mr B made numerous calls to Tesco during this period, which I fully accept was time consuming and frustrating for him. But I can't fairly and reasonably blame Tesco for this when it could only tell him that it was waiting to hear back from B.

I can see that Tesco's offer to backdate interest has caused some misunderstanding.

It's possible that Tesco could have applied the funds manually to the ISA it opened for Mr B in June 2023. Instead, Tesco opened a new ISA account for Mr B's transfer on 6 September as the funding window for his first ISA had closed by this time. Mr B agreed to this, and it was confirmed that his fixed term was for 12-months, maturing in September 2024. Tesco confirmed this in correspondence. Mr B expressed concern that this has meant he's not had the benefit of any backdating – but I think he has.

Originally Tesco talked about backdating interest to the date the original transfer request was received on 23 June 2023. But Mr B hadn't completed that form correctly and this led to B rejecting it. So I think it's fair for Tesco to look at a different start date for calculating interest as this form couldn't have resulted in funds being paid to him. Tesco based its interest calculation on the date it received the transfer request B was able to action, which seems reasonable to me.

Our role is to look at what's fair and reasonable in all the circumstances of a complaint to put things right. One way we would try and do this impartially here is to put Mr B in the position he'd be in if Tesco had not been responsible for any poor service issues.

To sum up, I think it's fair and reasonable for Tesco to pay redress in respect of the following:

- its admitted failure to call Mr B back on occasion as promised.

- Its failure to send the transfer request received 11 September 2023 on to B within the expected five-days' timescale.

- Backdated interest from 11 September 2023 to 8 October 2023 – which works out as £123.79

I think the £200 compensation paid by Tesco is fair and reasonable in all the circumstances. It is sufficient both to fairly reflect the impact on Mr B of the shortcomings I have identified on Tesco's part and cover backdated interest. Beyond this, I don't agree that Mr B's experience with Tesco warrants further compensation. Although I am very sorry for the difficulties this matter caused him overall, this amount is fair compensation for Tesco to pay Mr B in this particular situation. It reflects the level of award I would make in these circumstances, had it not already been paid. This service wouldn't award any more than this in similar cases.

So, looked at overall, I am satisfied that Tesco has already taken responsibility for addressing shortcomings it identified on its part and done enough to put things right.

I'd like to reassure Mr B that I've listened to call recordings provided and taken carefully into account everything he's told us. But rather than responding to each point, I've concentrated on the question of fair redress for what happened, as this seemed to me the main reason Mr B asked for an ombudsman referral. This reflects the fact that we provide an informal

complaint handling service as a free alternative to the courts. I hope that setting things out as I've done is helpful, even though this isn't the outcome Mr B hoped for.

My final decision

My final decision is that I do not uphold this complaint as I am satisfied that Tesco Personal Finance Limited trading as Tesco has already paid fair redress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 January 2025.

Susan Webb
Ombudsman