

The complaint

Miss F opened a two years fixed term Individual Savings Account ('ISA') with Barclays Bank UK PLC ('Barclays') in January 2023, maturing in January 2025. In June 2024 she initiated a transfer of the ISA from Barclays to Nationwide. Upon completion of the transfer, she says she learnt that a penalty (a deduction from accumulated interest in the ISA) had been applied to the ISA's transfer value because the transfer had happened before its maturity.

Miss F says she was previously unaware of any provision to apply such a penalty; that Barclays ought reasonably to have warned her about the penalty during the transfer process and ensured that she understood its implications; but it did not, so it should compensate her for the penalty interest deduction.

Barclays disputes the complaint and says it did nothing wrong in the transfer process.

What happened

One of our investigators looked into the complaint and concluded it should not be upheld.

He mainly said – Barclays provided an execution only service for the ISA, so it had no responsibility to give Miss F advice in relation to it (or in relation to the transfer); the transfer was her initiation, upon her instruction to Nationwide, so after receipt of Nationwide's transfer request, on her behalf, Barclays was obliged to comply with the request; its records say the request came with confirmation from Nationwide that Miss F had accepted the early ISA closure penalty; notice of that penalty was given to her when she opened the Barclays ISA (in the welcome letter Barclays sent her and in the terms she agreed); the penalty applied because the transfer happened before the ISA's maturity; and despite Miss F having been a Barclays' customer for many years it was not obliged to waive the penalty or the terms that applied it.

Miss F asked for a review by an Ombudsman.

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 have reached the same conclusion expressed by the investigator. I understand and empathise with Miss F's position, but Barclays has done nothing wrong in the facts of her complaint and there is no ground to uphold the complaint against it.

As the investigator noted, the terms and conditions she agreed for the two years fixed term ISA included notice about the penalty that applied if the ISA was closed or transferred before its maturity.

A welcome letter was sent to her on 25 January 2023. It is relatively short (two pages) and worded in plain language. It includes confirmation of the 21 January 2025 maturity date for the ISA, and the following notice –

“Please note that although this account has a fixed term. in accordance to ISA regulation. early account closure or Transfer-Out in full before the maturity date is permitted but this may result in loss of interest (please refer to clauses 8. 9 and 1 0 of the Flexible Cash ISA additional terms and conditions).”

The letter enclosed ‘Specific Product Terms’ and ‘Additional Conditions’ documents for the ISA. The latter includes the following notice –

“Transferring out (moving the money from your Flexible Cash ISA to another ISA provider or another cash ISA with Barclays)

- *You can transfer all of the money in your Flexible Cash ISA to another ISA provider ... at any time ...*
- *If you transfer out before the maturity date. there is a charge: see the Charges for transferring out or closing your ISA early section below for what the charge could be.”*

The *Charges* section of the document then presents a table that says an early transfer of a two years fixed term ISA would attract a charge of 180 days’ tax-free interest. The section also includes –

“We’ll work out the charge based on your balance at the time of transfer out or early closure. If the charge can’t be taken only from your interest (if you haven’t earned enough interest, or you’ve had it paid out monthly or annually so it’s no longer in the Flexible Cash ISA) we’ll take the charge from the money in the account. This could mean you get back less money than you paid into your Flexible Cash ISA when your money is paid back to you or transferred.”

These provisions were part of the overall terms that Miss F declared she had read and understood in signing up for the Barclays ISA. I acknowledge a point she has made about placing an unfair expectation upon a layperson in her circumstances to understand and retain information in dense terms and conditions. However, as I said above, the welcome letter she received was only two pages long, and it is not densely worded. The Additional Conditions document is four pages long, it is more densely worded but still reasonably accessible.

In any case, the relatively simply worded welcome letter gave sufficient notice about the penalty (losing interest in a transfer before maturity). There is ground to say Miss F ought reasonably to have been remembered and be aware of this when, about a year and half later, she decided to transfer the ISA six months before its maturity. The decision to use a fixed term ISA is quite specific – as opposed to using a regular ISA without a fixed term – so it is reasonable to consider that the provisions that applied if she chose not to keep to the fixed term would probably have stood out.

For the above reasons, I am satisfied that Barclays did enough to inform Miss F about the penalty. As the investigator said, it provided an execution only service and the transfer was initiated by Miss F. In other words, it had no role in advising, and had nothing to do with, her transfer decision. For this reason, there is no ground to find that it ought to have advised her about the penalty during the transfer process. The investigator also explained how Barclays could not intrude on her discretion to transfer, or any personal reasons behind that decision, and I agree. I would not have expected Barclays to question her decision or warn against it in any way (including with regards to the effect of the penalty).

I do not have a complaint against Nationwide before me, so, in the circumstances, I do not consider that I should comment on what it should have done in its engagement with Miss F,

with regards to notice about the penalty. Barclays says the request it received from Nationwide confirmed she had accepted to undertake the penalty, but I defer to her on whether (or not) such confirmation to Nationwide happened. The point to note is that Barclays had no role in giving notice about the penalty or getting her consent to it during the transfer process. Its role was mainly to follow and execute Miss F's transfer request, and she had already consented to application of the penalty in the terms she agreed at the outset.

I understand Miss F's point about the significant length of her loyal custom to Barclays, and why she appears to feel that, as a gesture of goodwill, it should redress the effect of the penalty. As the investigator said, Barclays is under no obligation to do this, and the implication arising from the fact that it did not offer to do so in its response to her complaint would seem to be that it is not prepared to.

My final decision

For all the above reasons, I do not uphold Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 23 October 2025.

Roy Kuku
Ombudsman