

The complaint

Mr C is unhappy with the service he's received from Lloyds Bank PLC surrounding an ISA transfer.

What happened

In April 2024, Mr C instructed an ISA transfer from his previous ISA provider (whom I'll refer to as 'X') to Lloyds. The transfer of funds was successful, and Lloyds received Mr C's ISA balance of £78,087.46 from X. However, when Mr C viewed his new Lloyds ISA, he saw that his ISA allowance for the 2024/25 tax year was -£58,087.46.

Mr C asked Lloyds about this, and they explained that they hadn't received a Transfer History Certificate ("THC") from X to confirm that the money they'd received was legitimately held within an ISA. Because of this, Lloyds were considering the transfer to be a new ISA subscription and ascribed £20,000 to Mr C's annual ISA subscription limit for that year, with the remaining £58,087.46 being considered as an oversubscription – until such time as a THC was received from X. Mr C wasn't happy that Lloyds were treating his ISA in this way, so he raised a complaint.

Lloyds responded to Mr C and explained that they'd requested a THC from X on several occasions without success. And Lloyds said that they didn't feel that they were administering Mr C's ISA unfairly in the absence of a THC. Mr C wasn't satisfied with Lloyds' response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Lloyds were acting unfairly in how they were managing the situation. Mr C didn't agree, 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.

ISAs are governed by rules which are set by the UK Government. One such rule is that an ISA account holder can only pay a maximum of £20,000 into their ISA in any one tax year. ISA providers such as Lloyds must adhere to those rules and have processes and policies in place to ensure that they do so.

Mr C transferred £78,087.46 from X to Lloyds as an ISA transfer. But one part of an ISA transfer is that the sending bank (in this instance X) must provide a THC to the receiving bank (Lloyds) to confirm how much of the sent balance is already in an ISA wrapper. This allows the receiving bank to correctly assign the received balance to the new ISA account that it has recently set up and ensure that it remains in adherence with the ISA rules.

Unfortunately, in this instance, Lloyds didn't receive the THC that X sent. In such circumstances, it would generally be expected that Lloyds would act as they have acted here. To confirm, that is that Lloyds would (temporarily, and pending receipt of a THC from

X) treat the received money as being a new subscription, and reach out to X and ask them to provide a copy of the missing THC.

This is what Lloyds have done. Indeed, Lloyds have demonstrated that they've reached out to X on multiple occasions chasing the THC that would enable them to consider all the funds received from X as being held within an ISA wrapper at the time of transfer.

Mr C has said that he's reached out to X himself, who have said that they've sent the THC to Lloyds twice. I can appreciate how this would be frustrating for Mr C, who feels that he's caught in a miscommunication between X and Lloyds. But I wouldn't fairly or reasonably expect Lloyds to consider the received money as being legitimately held within an ISA without the receipt of a THC from X confirming that fact. And, as the sending bank, the onus is on X to ensure that the required information is received by Lloyds.

Ultimately, while I acknowledge Mr C's frustration, I don't feel that Lloyds have acted unfairly regarding how they've administered the ISA transfer or Mr C's ISA account for the reasons explained above. I can therefore only suggest that Mr C pursues this matter with X, potentially asking them to provide the THC to Lloyds in direct response to one of the several emails that Lloyds have sent to X regarding this matter.

It follows from the above that I won't be upholding this complaint or instructing Lloyds to take any further action at this time, other than continuing to try to obtain the THC from X. I realise this might not be the answer Mr C was wanting, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 February 2025.

Paul Cooper
Ombudsman