

## **The complaint**

Mr N is unhappy with the service he received from Barclays Bank UK PLC surrounding his ISA.

## **What happened**

In January 2023, Mr N visited a Barclays branch to arrange for the transfer of an ISA he held with another provider (which I'll refer to as 'X') to Barclays. Barclays then opened a new ISA account for Mr N on 19 January 2023. However, following this the ISA transfer didn't take place such that Mr N's ISA funds remained with X.

This remained the case for several months, despite Mr N being reassured by Barclays on several occasions that the transfer would complete as requested and that it would be backdated to the appropriate date.

In March 2023, during the time that Mr N was waiting for the ISA transfer to complete, he funded the ISA with £20,000, using up his ISA deposit allowance for the 2022/23 tax year. In June 2023, Barclays sent a letter to Mr N which said that the X hadn't responded to the ISA transfer request that Barclays had made and that as such the requested transfer had been abandoned.

The following day, Mr N contacted X and arranged for the transfer of his ISA funds totalling £85,000 to Barclays himself. Barclays accepted this amount into the ISA with the full £85,000 crediting the account on 20 June 2023.

In the months of August, September, November, and December 2023, further payments of approximately £150 each were received into the ISA. The total of these further four payments was £611.24. This took the total balance of the ISA to £105,611.24.

On 18 January 2024, on the maturity date of the ISA, Barclays made an interest payment of £2,629.92, so that the balance of the ISA increased to £108,241.16.

Mr N arranged for the transfer of his ISA balance to a new one-year ISA with Barclays on 29 January 2024. However, before doing so, he withdrew £611.24 from his ISA, and Barclays paid a further £40.29 interest for the period 19 to 29 January 2024. This meant that amount that was transferred to the new ISA on 29 January 2024 was £107,670.21.

In May 2024, Barclays sent a letter to Mr N which said that he had over-subscribed on his ISA and enclosing a cheque for £89,014.91 – the amount that Barclays felt that Mr N had over-subscribed by.

Barclays arrived at this over-subscribed amount by taking the £107,670.21 balance at the start of the new ISA and applying interest totalling £1,334.70 to it, for the period from the ISA start date on 29 January 2024 to when they issued the cheque to Mr N. This resulted in a total amount of £109,014.91. And because Barclays felt that Mr N was only entitled to have subscribed £20,000 during the time he'd held an ISA with them, they allowed £20,000 to remain in the ISA and returned £89,014.91 to him.

Mr N wasn't happy that Barclays had returned his money to him and that they considered him to have over-subscribed to his ISA, so he raised a complaint.

Barclays responded and explained that when Mr N had arranged for the transfer of £85,000 from X, he had withdrawn the money from his ISA account with X into a non-ISA account held in his name, from which Mr N had then transferred the money to Barclays. And Barclays explained that because Mr N had withdrawn the money from his ISA with X before transferring it to them, that the transfer didn't count as an ISA transfer and was instead considered to be a new subscription.

However, Barclays also explained that the reason the initially requested ISA transfer from X hadn't been successful was because an error by Barclays meant that they hadn't sent the transfer request to X. Barclays apologised to Mr N for this and offered to pay £500 to him as compensation for any trouble or upset he may have incurred as a result. Mr N wasn't satisfied with Barclays response to his complaint, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt the response that Barclays had issued to Mr N already represented a fair resolution to what had happened. Mr N didn't agree, and 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.

I issued a provisional decision on this complaint on 17 December 2024 as follows:

*It's accepted by Barclays that the reasons that the initial ISA transfer request that Mr N made didn't complete was because of an error made by Barclays – the failure to send the transfer request to X – and wasn't the result of any mistake or inaction by Mr N.*

*Accordingly, I'm satisfied that what should have happened here is that Mr N's initial ISA transfer request, that he made in January 2023, should have completed as requested.*

*It's correct that upon being told by Barclays that they had abandoned the ISA transfer, having not received a response from X (because Barclays hadn't sent the request to X) that Mr N removed his money from his ISA account with X before transferring it to Barclays.*

*But Mr N wouldn't have been in the position whereby he felt compelled to arrange the ISA transfer himself if Barclays hadn't made the mistake of not sending the ISA transfer request to X in the first instance.*

*As such, I feel that the root cause of what's happened here is the mistake made by Barclays. And I feel that a fair outcome is that Mr N's ISA account should be returned to the position that it should be in – had the initial transfer request been completed correctly.*

*Accordingly, my provisional decision is that Barclays should accept the return of Mr N's money into his ISA and then restructure Mr N's ISA as if the initial transfer had completed when it should have done – at an appropriate date in January 2023.*

*This would mean that Mr N would have earned more interest on his money during the ISA that he opened in January 2023, because the large transfer would have been received in January 2023 and not in June 2023. And so Barclays should recalculate the interest that should have been paid on that ISA accordingly.*

*This will then require an updated calculation for the period 19 January to 29 January 2024, and from 29 January onwards. And Barclays should accept the repayment into the ISA of the balance they returned to Mr N and calculate interest as if that balance had never been returned to Mr N to the present date and moving forwards.*

*I'm aware that because Mr N did remove his money from the ISA wrapper, that Barclays may need to seek HMRC approval to receive that money back into the ISA account. If that is the case, it would be expected that Barclays would do all that they can to make HMRC aware of my provisional decision here, including that I feel that the root cause of Mr N removing his money from the ISA wrapper was the mistake made by Barclays of not sending the transfer request to X. Barclays should also attempt to inform HMRC of any instances where Mr N chased the transfer with them, and was told by Barclays that matters were in hand.*

*If approval from HMRC is needed, and if following efforts in line with what I've described above HSRC reject that request, then Barclays should pay five years of compound missed interest to Mr N in line with this service's position in such circumstances.*

*The interest rate for this calculation should be based on the rate Mr N's money would have earned in the ISA, minus the interest rate Mr N is able to achieve on the money if it is held in a non-ISA savings account. Information about what interest rate Mr N had been able to achieve on his money should only be requested from Mr N if this scenario materialises.*

*Finally, Barclays have offered to pay £500 to Mr N as compensation for the trouble and upset that this matter has caused him. This feels fair to me. And while I accept that Mr N made the initial transfer request nearly two years ago, there was a long period when Mr N wasn't affected by this issue, because Barclays hadn't recognised that the money had been transferred into the ISA from a non-ISA account. As such, my provisional instructions also include that Barclays must make the payment of £500 compensation to Mr N that they've already offered to pay.*

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Neither Mr N nor Barclays have objected to my provisional decision. As such, I see no reason not to issue a final decision here wherein I uphold this complaint in Mr N's favour on the basis described above. And I therefore confirm that my final decision is that I do uphold this complaint in Mr N's favour on that basis accordingly.

I also note that our investigator has put Barclays in touch with X directly to help them attempt to resolve this situation for Mr N.

### **Putting things right**

Barclays must accept the return of Mr N's money into his ISA, if possible, and then restructure Mr N's ISA as if the initial transfer had completed when it should have done – at an appropriate date in January 2023, and apply appropriate interest.

If Barclays cannot accept the return of Mr N's money into his ISA for any reason, then Barclays must pay five years of compound missed interest to Mr N on the balance in question, in line with this service's position in such circumstances.

Barclays must also pay £500 compensation to Mr N.

**My final decision**

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 21 February 2025.

Paul Cooper  
**Ombudsman**