

## **The complaint**

Ms B complains Leeds Building Society closed her fixed rate individual savings account (ISA) without her consent.

## **What happened**

Ms B held a fixed rate ISA with Leeds and opened a new fixed rate ISA, with a better rate of interest. Ms B wanted to transfer an existing ISA from another business, S, into the new ISA.

Leeds looked to transfer the ISA from S into Ms B's old, fixed rate ISA, but couldn't because it could no longer take new deposits. To fix this Leeds changed the old ISA to a lower rate instant access ISA.

But Leeds didn't tell Ms B this, and when she logged on to view her accounts, she was surprised to see her entire ISA balance, old and transferred, in a lower rate account. Ms B called Leeds and it told her she'd made a mistake when completing the transfer.

Ms B complained to Leeds, unhappy with Leeds opening a new account without her agreement and with it blaming her for the error. Ms B was also worried she'd lose out on interest on her, now combined ISA.

Leeds responded to say it accepted it had made errors, and it should have called Ms B when it was changing the accounts over, so she could be kept updated.

Leeds said it would backdate the interest on her new ISA to the date Ms B requested the transfer not the date it completed. Leeds also sent Ms B a cheque for £75 to compensate her for the calls she'd made and the inconvenience she'd been caused.

Leeds followed up to say it hadn't deducted any penalties for the change of account type or early closure of the old ISA. Leeds said it changed the old ISA to allow the transfer from S into the old ISA rather than return the transfer.

Leeds said it could reactivate the old ISA, but this was at a lower rate than Ms B was getting now, so unless Ms B told it to swap back it would leave things as it was.

Leeds accepted it should have called Ms B to let her know what it was doing and said it would provide feedback to the people involved.

Unhappy with this answer, Ms B brought her complaint to this service. An investigator looked into things and thought Leeds should pay Ms B a further £50 for the inconvenience.

The investigator said Leeds made errors but felt what it had done since fixed those errors. The investigator felt the £75 already paid wasn't enough and a total payment of £125 was fairer in the circumstances.

Leeds accepted this outcome, but Ms B didn't.

Ms B said her main issue was the old ISA wasn't due to mature for so Leeds shouldn't have changed it to a lower rate account. Ms B is very unhappy Leeds changed the old ISA without her knowledge or consent.

Ms B asked for an ombudsman to decide things.

### **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've looked very carefully at what Ms B and Leeds have said, and there's no doubt Leeds made an error. So, I need to decide whether Leeds has done enough to resolve things for Ms B, either through what it's already done, by paying compensation, or both.

It appears Ms B opened her new ISA – a limited issue online account – and completed a transfer request. Ms B says in one of her calls to Leeds she remembers picking S from a drop down online and adding in the account number.

Ms B also says in a call she didn't print off and sign the form she completed, and Leeds says one should have been posted out. It appears if one was posted, Ms B never received it.

Ms B called Leeds when she received an email saying her new ISA is open but she's not paid anything in. There are three calls, the first two are dropped but on the third call Ms B is told about the form, that Leeds can't see a transfer, and completes the transfer on the call.

On this call Ms B is asked about the account she wants to transfer into, and the person on the call says "is it the limited issue online one?" and Ms B says yes.

It's unclear if Ms B's old ISA was a limited issue online account, it's clear the new one was, so either Ms B gave the right account to transfer to or she held two similarly named accounts. Either way, Leeds should have checked the account details.

Instead, it seems Leeds used the old ISA number to receive the transfer from S.

I'm persuaded Leeds made an error with the account S' ISA was transferred into, I don't think Ms B made a mistake. So, it follows I think Leeds also made an error when it told Ms B it was her fault the transfer went wrong.

When Leeds received S' ISA transfer in it had two options, return the transfer or accept it into the old ISA. But the old ISA was a fixed term account, it couldn't accept new deposits. And I think it would have caused more inconvenience to Ms B to return the transfer.

I think Leeds did the right thing in changing Ms B's old ISA into one that could accept the transfer. And this is even when I consider the interest rate was lower and Ms B hadn't consented to the change.

But Leeds should have told Ms B what it was doing.

Leeds says the change in account type and transfer prompted a note for Ms B to be called, but a staff member assumed Ms B knew what was happening, so they didn't call.

I think had Leeds called, and explained what it was doing, Ms B would have been far less unhappy with how things went. Instead, Ms B saw what happened when she logged in online, without any context as to why this had happened and why her rate was lower.

Leeds has accepted it made mistakes, but it's also looked to fix things. My starting point for a decision is to ensure Ms B's been put back in the position she should have been in had the mistake not happened.

And I think Leeds has done this. Leeds has transferred S' ISA transfer to the account Ms B wanted it in, at the higher rate. Leeds also made sure there were no early closure charges payable on the old, fixed rate ISA.

And I think Leeds has gone further than it needed to by backdating the interest on S' transfer to the date she asked for it to be done, not the date Leeds received the transfer in. This means Ms B was possibly earning some interest at S and Leeds at the same time.

And Leeds rolled the old ISA balance up with S' transfer in and moved the entire balance to the new, higher rate ISA.

Ms B's old ISA was due to mature on 1 January 2025. I've looked at what Leeds was offering at this point for new ISAs. The best rate available, for a limited issue ISA, was issue 81 at 4.35%.

But Leeds paid all the money into Ms B's new ISA, issue 79, at 4.55%. I think Ms B got a better rate for the money in her old ISA than had it been left where it was to mature. Had the old ISA matured when it should have, Ms B would only have had lower rate ISAs to pay into.

I think Leeds has done enough to fix the issues with Ms B's ISAs. But my earlier point from before stands, Leeds should have told Ms B what it was doing and why, at the time, rather than causing Ms B distress by her seeing the lower rate without any idea what was going on.

Leeds not contacting Ms B also meant she needed to call in to try and sort things and then complain. All this caused additional inconvenience to Ms B.

But, overall, I think the total of £125 in compensation is fair in the circumstances.

Ms B said her main issue was Leeds converting her old ISA to a lower rate without her consent or knowledge. But I think Leeds did this in an effort to reduce inconvenience for Ms B, as the alternative was rejecting S' ISA transfer.

I can't punish Leeds for the mistakes it made, only look to ensure Leeds fairly compensates Ms B for the mistakes it made.

And I can't make it so this mistake never happens again, this looks to be a number of human errors, and not something Leeds could necessarily avoid happening again. But Leeds has said it's fed back to the staff involved, and this is a fair thing to do.

Leeds has said the £75 cheque it sent Ms B has been cashed, so I'm satisfied she's received this initial compensation payment.

## **My final decision**

My final decision is I uphold this complaint and Leeds should pay Ms B a further £50 to compensate her for the inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or

reject my decision before 24 April 2025.

Chris Russ  
**Ombudsman**