

The complaint

Ms C complains about how Yorkshire Building Society (“YBS”) handled transferring her ISA to another provider. She is unhappy with the time it took and with the service YBS provided around this.

What happened

In September 2024, Ms C wanted to transfer an ISA she held with YBS to another provider when it matured. The first day after her ISA matured, Ms C completed an ISA transfer form online to do this. Over a week later, the new provider contacted her to say that the transfer had been rejected. Ms C made a further application the day after receiving this notification only to find, two days later, that this had been rejected too.

Ms C contacted the new provider which said that YBS had rejected both transfers because the account was showing as a ‘non ISA account’ based on the account number provided. The new provider suggested that Ms C contact YBS, which she did but found that staff were unable to help her. Ms C made more applications and contact with YBS between September 2024 and November 2024 and the issue was only resolved on 26 November 2024, when YBS sent Ms C a letter confirming that her funds had been transferred to the new provider. Although it was later established that the funds credited the new provider’s account on 30 November 2024.

Ms C complained to YBS and it responded to say that it wasn’t at fault for how the transfer had been handled and suggested it was the fault of the provider that Ms C wanted to transfer her ISA to. Ms C was unhappy with this and referred her complaint to this service where one of our investigators looked into it for her. Initially they said that YBS looked to have dealt with the transfer correctly and fairly and that it hadn’t caused any delays.

Ms C responded to say she strongly disagreed with this and provided substantial evidence in her responses to support why she believed YBS had made mistakes. Ms C also made a request for information to YBS which revealed that it knew of an issue with its systems at the time she made the transfer request and that it would be intending to make an offer to her. Ms C rejected that offer and our investigator considered the complaint again in light of the new information presented.

In doing so, they were no longer satisfied that YBS had acted fairly and felt that it’d be fair for YBS to put things right for Ms C. They felt that YBS should calculate the difference between the interest rate Ms C received on her account with YBS from 16 September 2024 until the date YBS transferred the account and what she would have received with the new account - along with paying £350 for the distress and inconvenience caused.

YBS accepted this but Ms C didn’t. She felt that YBS still hadn’t explained what went wrong here or apologised for what had happened. She felt the compensation didn’t reflect the fact that she had made seven different applications, which should be treated as separate events and complaints. Nor did it reflect the impact on her and the time she spent trying to resolve the matter. She also said that she was aware from her interactions with other businesses that businesses can and could make transfers like this much quicker than YBS did. But our

investigator maintained that the offer YBS had now made was fair and so the matter was referred to an ombudsman to decide.

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.

It may help to start here by explaining that our role as a service is to resolve complaints quickly, independently and impartially - with minimum formality. In doing so here, I'm mindful that Ms C has gone into some depth in her submissions to this service. I thank her for her time in doing so, what she has taken the time to prepare and send us has been very useful for my understanding of the complaint and the impact of this situation on her. But I won't be going into similar levels of detail in my decision here - in line with our role as a quick and informal service.

I can confirm I have carefully considered all Ms C has told and sent us – however I won't be referring to everything she has provided. That's not to say that I haven't considered what she's sent us, just that I haven't needed to refer to every individual point made by Ms C or YBS in order to reach my decision on what's fair and reasonable here.

Equally, Ms C seems to expect and want us to look at a separate complaint for each application she made. I understand why she wants us to do that, but YBS didn't treat her complaint like that and neither has this service. I'll also be considering all of the applications Ms C made, but under the cover of this one complaint which is ultimately about how YBS dealt with the transfer of her ISA.

It's not in dispute at this point that YBS has made mistakes in dealing with both the transfer of Ms C's ISA and in the service it has provided her when she has tried to deal with this. The ISA was eventually transferred in November 2024 and so what remains for me to decide is what is fair and reasonable to put things right for Ms C.

It's clear to me that YBS took too long to complete its part in transferring Ms C's ISA to the new provider. Ms C seems to have encountered numerous issues with the seven applications she made and YBS accepts that these appear to have been as a result of issues with its system - which it was aware of at the time. That being said, it seems to have realised this impacted Ms C's applications some time after she made them and reported the problems she was facing.

Based on what's been said and provided by Ms C and YBS, I think it's more likely than not that if these issues hadn't been present with YBS' systems then Ms C's first application to transfer her ISA would have been successful. YBS has confirmed that the details she submitted were correct and so I think what would be fair would be for YBS to put her back in the position she would be in, were this first transfer made successfully.

So the starting point here would be that Ms C would have transferred her ISA to the new ISA with a different provider much sooner. Had she done so, she would have earned the advantageous rate (5.61%) offered by this ISA, rather than the lower rates her funds earned with YBS before the transfer. In considering this – the ISA could always have taken 15 days to be transferred, in line with the government's ISA guidelines¹.

So I have to be fair to YBS and consider that the transfer could always have taken 15 days. I know that Ms C has referred to her recent experience with other ISA providers who have

¹ <https://www.gov.uk/individual-savings-accounts/transferring-your-isa>

acted much quicker than this, but where the guidance gives this timeframe, I think it's only fair to impartially recognise that it could have taken this long and still been within the relevant guidelines.

With this in mind, I think it would be fair for YBS to pay the difference between the interest she earned with YBS and what she would have earned on her new ISA. This should be calculated from after 15 days elapsed from Ms C's first application – this being 16 September 2024, to when the transfer was completed on 26 November 2024. YBS has confirmed that this was the final date that the funds remained in its account and so that would be a fair date for it to pay interest until.

I'm satisfied that paying this is a fair way of resolving Ms C's losses arising from how YBS handled the transfer. YBS has calculated this amount as being £25.21. It's worth noting that this figure is based on the closing balance and so includes the interest accrued until then – which means this is in Ms C's favour, however minimal that may be.

I'll now move onto the distress and inconvenience caused by YBS' handling of this situation. Ms C has been very clear about the impact this has had on her. She has detailed how this has made her feel over time and how her confidence as a customer of YBS has been affected. I have seen all the applications Ms C made and it must have been frustrating and upsetting for these to have continually been rejected through no fault of her own.

This will only have been compounded by YBS's initial responses to her enquiries and complaint which suggested it hadn't done anything wrong – yet after this service became involved we found this to be incorrect. It strikes me that YBS could have done much more to look into Ms C's concerns in more detail sooner and have prevented much of her distress and inconvenience had it done so.

On top of this, Ms C is understandably unhappy that YBS hasn't been able to provide certain correspondence in respect of this situation and her complaint. That has clearly affected her trust and opinion of YBS too. All of this persuades me that the impact on Ms C here has been considerable and lasted for some time. For this it's only fair that YBS compensates her for the distress and inconvenience caused.

Our investigator suggested £350 would be fair and YBS agreed to pay this. I also think this is a fair amount in the circumstances that reflects the impact on Ms C. I realise that Ms C may not agree that this amount is fair – but in my view, this amount of compensation plus the payment of the difference of interest mentioned above is a reasonable way of resolve this complaint.

My final decision

Yorkshire Building Society should pay Ms C:

- the difference between the interest she earned on her ISA balance with YBS and what she would have earned with a rate of 5.61% from her new ISA provider – to be calculated from 16 September 2024, to when the transfer was completed on 26 November 2024, and;
- £350 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 24 April 2025.

James Staples
Ombudsman