

## **The complaint**

Mrs J on behalf of the executors of the late Mr J's estate complains about the service received from National Westminster Bank Plc ("NatWest") when dealing with the late Mr J's fixed rate ISA. In particular, Mrs J is unhappy NatWest closed the ISA before maturity resulting in a loss of interest to the estate.

## **What happened**

The late Mr J held a fixed rate ISA with NatWest. Mrs J attended a branch of NatWest to seek support in the administration of Mr J's ISA following his death. Mrs J wished to keep the ISA open until maturity and was advised that if she ticked the box which said "Please leave any Fixed Term Savings Account(s)/Investment bonds open until maturity" on the closure form requesting this it would ensure these instructions were followed.

Following this NatWest closed the late Mr J's ISA and other accounts Mr J held with it on 13 June 2024 and paid the proceeds into Mrs J's account before the ISA had matured.

Mrs J complained to NatWest about this and was told the advice she received in branch was incorrect and the box she ticked only related to a savings account and not the ISA and that due to government guidelines it wasn't able to keep fixed rate ISA's open and so it was unable to reinstate the late Mr J's ISA or consider further interest as the account had been closed in line with this.

NatWest apologised for its error and paid £200 compensation for the inconvenience caused.

Mrs J was dissatisfied with this and so brought her complaint to this service. Mrs J wants NatWest to compensate for the interest she was expecting had the ISA remained open until maturity.

One of our investigators looked into Mrs J's concerns and agreed Mrs J could've been better advised from the outset but didn't think it was for us to scrutinise the policy and procedures of NatWest and thought it had followed its processes correctly. They thought the £200 paid was fair for the inconvenience caused.

Mrs J and the other executors of Mr J's estate disagreed and asked for an ombudsman's decision on the matter.

I issued my provisional decision on 17 February 2025. In my provisional decision, I explained why I was proposing to uphold this complaint. Both NatWest and Mrs J have confirmed they had received my decision and both have also accepted it.

## **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.

In my provisional decision I said that:

*"It might help if I explain here my role is to look at the problems a customer has experienced and see if the business has done anything wrong or treated them unfairly. If it has, I would seek – if possible - to put the customer back in the position they would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable. In this case the customer is the late Mr J's estate and the business NatWest.*

*My understanding is the late Mr J held a fixed rate ISA maturing in November 2024 paying interest at 5.51%. Mrs J as an executor of Mr J's estate approached NatWest for support regarding the administration of the accounts Mr J held with it. Mrs J made it clear to NatWest that they wished to hold on to the ISA until maturity as the estate nor she (as a beneficiary) had any need for the funds. Mrs J was advised what to do in branch to achieve this and Mrs J duly followed this advice.*

*Unfortunately, despite this the ISA was closed before maturity on 13 June 2024 without any consultation with Mrs J and the proceeds paid into her bank account. Mrs J was later told government guidelines meant that it wasn't possible to keep the ISA open or running until maturity. For its error in the advice given to Mrs J NatWest paid £200 compensation.*

*Having considered all the evidence I'm in agreement with NatWest that there was a service failing in the advice provided to Mrs J on attending branch. But I also think there was a further error in that NatWest is mistaken in its belief that the late Mr J's ISA couldn't remain open until maturity.*

*I appreciate under 8.3 Death of an account holder of NatWest's terms and conditions says that NatWest will close the account when it receives notice of an account holders death from their legal representative and that no early closure charge will apply. But that is only the starting paragraph and not the full section. Indeed, it goes on to say:*

*"If you die on or after 6 April 2018, any interest earned on your account up to and after the date of your death will be exempt from tax until the earlier of one of the following dates:*

- Completion of the administration of the estate,*
- The day falling on the third anniversary of death, or*
- Closure of your account..."*

*And this is confirmed in government guidelines where it states when you die your ISA will end when either:*

- Your executor closes it*
- The administration of your estate is completed*

*Otherwise, your ISA provider – in this case NatWest – will close your ISA 3 years and 1 day after you die.*

*So I think NatWest is wrong in its interpretation of both the government guidelines and its own terms and conditions and can see no reason why it failed to follow Mrs J's instructions and closed the late Mr J's before it needed to.*

*I accept that Mrs J notified NatWest of Mr J's death and if the first sentence of section 8.3 above is read in isolation it says the account will be closed at this point. But it makes no sense to me that if Mrs J had not notified NatWest of his death or delayed it a bit longer the estate would've been better off and continued to earn interest tax free.*

*This I think places the executors in a conflicting position where on the one hand they need to carry out the administration of the estate in a timely manner – including notifying asset holders of the death. But if they do that, they may fail in their duty in maximising the value of the estate. So I think NatWest has made an error in its interpretation here and it certainly doesn't appear to be acting in-line with government guidelines as it suggests.*

*As a result of NatWest's error Mr J's estate has lost out on the tax-free interest earned up until the fixed rate ISA matured in November 2024 which would've been within three years of Mr J's death – Mr J having died early on in 2024. In an ideal situation to put things right we'd ask NatWest to reinstate Mr J's ISA from the date of closure until maturity, but given the circumstances and time that has past, this is no longer possible.*

*So alternatively, to put things right I think NatWest should calculate the amount of interest Mr J's ISA would've earned from the point it was closed (13 June 2024) until the maturity date and pay this sum to Mr J's estate as this would put it in the position it would be in if the error hadn't occurred.*

*Mrs J has been both inconvenienced and distressed by what has happened. But I can't look at the impact NatWest's errors have had on Mrs J personally. This is because she is not the account holder – the late Mr J was. So although I accept Mrs J may have been inconvenienced, I can't look at compensating her personally for this – this is despite the fact she is carrying out the administration of Mr J's estate.*

*But in any case, I note that NatWest has already paid compensation of £200 which I think is fair for any administrative inconvenience Mr J's estate would've suffered and so I'm not persuaded an uplift on this amount is warranted.*

*So it follows that I currently think that NatWest have made a mistake in closing the late Mr J's ISA before the maturity and the advice provided to Mrs J' about this and as a result the estate has lost out on interest for the period of closure until maturity. To put things right I think NatWest should pay the interest that would've been due to the estate had it allowed the ISA to run until maturity."*

*As both parties have now accepted my decision, I see no reason to depart from the conclusions set out in my provisional decision above and it follows that I uphold this complaint.*

**My final decision**

My decision is I uphold Mrs J's complaint brought on behalf of Mr J's estate and direct National Westminster Bank Plc pay the estate the interest that would've been due had it allowed Mr J's ISA to run until maturity.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr J to accept or reject my decision before 7 April 2025.

Caroline Davies  
**Ombudsman**