DRN-5467966

The complaint

Mrs G complains that HBOS Investment Fund Managers Limited ("Halifax") made mistakes and caused delays when she asked to withdraw money and close her ISA account. She says she needed the money for a house deposit and had to withdraw money from her company which incurred a tax liability. She wants Halifax to:

- Reimburse her for the investment loss caused by the delay (£1,543).
- Pay her £3,000 to cover the costs involved in withdrawing money from her company.
- Pay her £2,000 for her time.
- Pay her £6,000 for the distress and inconvenience caused.

What happened

Mrs G had a Halifax Home Plan which matured on 9 January 2023. On maturity, in the absence of any other instruction, the Home Plan was converted into an "Investor ISA" account.

In brief summary, Mrs G told us the account should have "paid out" on 9 January 2023, and she visited a Halifax branch to provide it with the necessary documentation to ensure this happened quickly – because she needed the money for a house purchase. But she didn't receive the cheque for the withdrawal proceeds until 4 May 2023. She had to provide the same documentation on several occasions because the Halifax ISA department hadn't received what she'd given to her local branch. And, although she wanted the money transferred to her bank account, Halifax sent it by cheque. The first cheque was cancelled, because she didn't receive it, and Mrs G says Halifax delayed sending the second cheque, which was incorrectly addressed and wasn't sent by recorded post as requested.

Halifax said that:

- Mrs G's Home Plan was converted to an Investor ISA in the absence of a completed maturity instruction form.
- It should have been provided with the documentation Mrs G had handed into her local branch, without the need for her to repeatedly produce it.
- It received Mrs G's instruction to surrender the ISA on 16 March 2023 and it sent a cheque on 22 March 2023, so within its expected timescales.
- Whilst it didn't think it had contributed to any delays, it said it appreciated Mrs G had been caused trouble and upset by the poor service she'd received and offered her £150.
- And, whilst it didn't think there had been any error or delay sending the cheques to Mrs G, it offered to pay her interest from 29 March to 26 April 2023 as a gesture of goodwill. It also offered £24 to cover the cost of her phone calls.

Our investigator initially recommended that the complaint should be upheld. In summary, she thought Mrs G had requested the withdrawal during her phone call with Halifax on 24 January and that Mrs G had provided all requested documentation during her visit to her local branch in December and January. But, after she'd reached this conclusion, Halifax provided some call recordings. After further consideration, the investigator concluded that Mrs G hadn't given withdrawal instructions until 16 March 2023. She didn't think Halifax was responsible for the delay in Mrs G receiving the first cheque. And, whilst the letter sending the second cheque had errors in the address, the investigator didn't think any delay had led to a financial loss. The investigator thought Halifax's offer of £355.70 in total was fair and reasonable.

Mrs G didn't agree. She said, in summary, that:

- She should be compensated for the financial losses caused in having to withdraw money from her company, plus compensation for lost opportunity to reinvest that money in the business of at least £5,000.

- She was without the money from her ISA until 4 May 2023 and the compensating interest period should be extended until that date. Interest at 8% doesn't restore her financial position, especially taking into account the inflation rate during this period.

- The compensation offered by Halifax doesn't reflect the severity of the stress caused. She would accept £1,000.

- Halifax has demonstrated a pattern of negligence, rather than an isolated error, and this should be addressed.

- In December 2022 she was proactive in providing the necessary paperwork needed to ensure her funds were paid to her. She needed the money for a house purchase so asked for her money at the earliest opportunity – during her first visit to the branch.

- Halifax issued a cancelled cheque on 19 April 2023.

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.

Firstly, I'm aware that I've summarised this complaint in far less detail than the parties and in my own words. There is a considerable amount of information here but I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Having considered everything carefully I find I have come to the same conclusion as the investigator for the following reasons:

Halifax wrote to Mrs G on 7 November 2022 to tell her that her Home plan policy was due to mature on 7 January. Halifax enclosed an instruction form for Mrs G to complete and return with documents so that it could verify her identity. A reminder letter was sent on 7 December. I'm satisfied Halifax sent the letters to the address it held in its records. Mrs G had moved house and changed her name, but hadn’t told Halifax. Fortunately, this was Mrs G’s parents’ address, so she did receive the letters.

I’ve not seen evidence to show that Mrs G completed the instruction form and returned it by the maturity date. I find that, in the absence of her instructions, Halifax acted as agreed – when it matured, Mrs G’s plan was converted into an investor ISA account.

Mrs G had married and changed her name in 1999. Presumably this was around the same time she changed her address. As she hadn’t told Halifax about these changes, she visited her local branch in December 2022 with the necessary documentation. She says it was during this visit that she gave instructions to withdraw the money from the ISA; although during our investigation she told us she first gave instructions during her phone call on 24 January 2023. I’m satisfied that she didn’t give instructions until 16 March 2023. I say this because:

- During her call on 24 January, she asked for a current valuation and asked how she could access her money. Having been given the information she said, “*I know what to do if I need to transfer*”, and she gave no further instruction.
- On 16 March, during her first call, she asked for a current valuation and again asked how she could access the money. If she’d given instructions to withdraw in either December or January, I would have expected her to ask why these instructions hadn’t been acted on.
- It was during a call later in the day on 16 March that she told Halifax, “*I’d like to transfer the balance in my ISA to a bank account*”. There was no suggestion – from either party - that she’d given this instruction before.

I find Halifax placed the sale instructions on the same day Mrs G gave it her instruction to withdraw. And the cheque for the sale proceeds was sent four working days later, on 22 March. I find Halifax acted in a timely manner and didn’t cause any delay.

Mrs G disputes that the cheque was sent on 22 March, because she didn’t receive it until 19 April. I’m satisfied that the cheque and accompanying letter were both dated 22 March and I think it’s more likely than not that the cheque was sent on the same day it, and the letter, were dated. I’m not persuaded that Halifax was responsible for the delay in Mrs G receiving the cheque. When Mrs G contacted Halifax to tell it she hadn’t received the cheque (after the house purchase had completed), I think Halifax acted reasonably in cancelling it and issuing a new cheque. I appreciate it was frustrating that Mrs G then received the cancelled cheque, but Halifax couldn’t have known that it would be successfully delivered, especially as more than three weeks had passed by this point.

During the call on 19 April, Halifax told Mrs G a replacement cheque had already been issued, presumably after Mrs G’s earlier call on 14 April. But the letter enclosing the cheque was dated 20 April. I don’t think taking four working days to re-issue a cheque is unreasonable. But, bearing in mind Mrs G hadn’t received the first cheque when she called on 14 April, I think Halifax could’ve employed more urgency to despatch the replacement cheque. The second cheque was also sent to an incomplete address and this maybe the reason why Mrs G didn’t receive it until 4 May. However, I’m satisfied that the interest compensation covers any delay caused here – I will explain why in the “putting things right” section below.

Halifax accepts Mrs G shouldn’t have had to supply documentation more than once. I appreciate this was inconvenient, but I don’t think it caused any delay. I say that because Mrs G was able to email the required documents the day after she gave instructions to withdraw the money from the ISA. So this didn’t delay the cheque being sent to her.

Halifax should've told Mrs G during the call on 16 March that it also needed a bank statement to verify her bank account – an electronic check was attempted while she was on the phone, but it failed. But it did request a bank statement within two working days and Mrs G was able to provide it the same day. So I don't find this caused any delay.

Unfortunately, there was a different address on Mrs G's bank statement to the address that had been verified by Halifax. I find that Halifax acted reasonably, and in line with its procedures, in not making payment to that account and in sending the payment by cheque. And I think, had the cheque not been delayed in the post, Mrs G would have received it in time to bank it and use it as planned when her house purchase completed on 31 March.

Putting things right

As set out above, I think Halifax needs to compensate Mrs G for the following:

The delay in issuing and sending the replacement cheque and for the delay which the incomplete address is likely to have caused. I think, in the circumstances, it would have been reasonable for Halifax to issue the replacement cheque within one working day of the phone call on 14 April when it agreed to cancel the original cheque. The next working day was 17 April. I think it's fair to say that had the cheque been sent on that date, to Mrs G's correct and full postal address, it's likely it would have been received within four working days; so 21 April. Mrs G didn't receive the cheque until 4 May. Halifax should pay interest for these 13 days. It has already offered to pay interest as a gesture of goodwill for a 29-day period and I'm satisfied this fairly compensates Mrs G.

The interest reflects that Mrs G was deprived of the money for that period. And I don't find any reason to depart from our usual practice - I find it's fair to calculate the interest at the statutory rate of 8% simple per annum.

As noted above, Mrs G had to provide documentation more than once. This meant she had to visit her local branch three times and provide documents by email. Whilst I've found this didn't cause any delay, it was inconvenient and frustrating. Halifax offered £150 compensation for the distress and inconvenience caused. I find this is fair and reasonable in the circumstances. It also offered to pay Mrs G £24 to cover the cost of her phone calls which I think is fair.

I appreciate Mrs G had to withdraw money from her company to pay the house deposit because she didn't receive the money from her ISA by the completion date. And I do understand this caused her costs and a fair amount of trouble and upset, especially when a house purchase is already often a stressful process. But, as I don't find Halifax was responsible for Mrs G not being in receipt of the ISA money on the house completion day, I don't find it is responsible for any financial loss incurred, or the distress caused.

My final decision

My final decision is that HBOS Investment Fund Managers Limited should pay compensation as set out in its final response letter dated 27 April 2023:

1. Loss of interest for 29 days at 8% simple per annum. *

2. £24 to cover the cost of Mrs G's calls.

3. £150 to compensate Mrs G for the distress and inconvenience caused.

* HM Revenue & Customs requires HBOS Investment Fund Managers Limited to take off tax

from this interest. HBOS Investment Fund Managers Limited must give Mrs G a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 13 May 2025.

Elizabeth Dawes
Ombudsman