

The complaint

Mrs W is unhappy that Skipton Building Society didn't act on her request to transfer her ISA to another provider in a timely manner.

What happened

In September 2024 Mrs W made a request to transfer some of her funds from her ISA with Skipton to a different provider. Mrs W requested two transfers of £20,000 and £27,000 on 18 September 2024 and 19 September 2024 respectively. The transfer for £27,000 completed by 24 September 2024 but unfortunately, the transfer for £20,000 was delayed and didn't complete until 29 October 2024.

Mrs W wasn't happy about this, especially as the new ISA was at a higher interest rate than the one she held with Skipton. So, she made a complaint

Skipton looked at Mrs W's complaint. It acknowledged it hadn't transferred Mrs W's ISA as quickly as it should have and offered Mrs W £125 as compensation for the delay and later it added a further £11 for the loss of interest for the period of the delay. Skipton said it was unable to add the interest to the transferred ISA.

Mrs W wasn't satisfied with Skipton's offer and asked for Skipton to pay an additional amount for the potential loss of the taxable benefit on the interest that she'd missed out on in the ISA had it been transferred in time. She was also unhappy because she says she didn't transfer a further £28,000 due to the delay and wanted to be compensated for the missed interest for these funds too.

Because Skipton didn't agree Mrs W referred her complaint to our service. One of our investigators looked at this complaint. They agreed that Skipton's offer of compensation of £125 was fair for the delay but they felt Skipton needed to add the additional £11 of missed interest to Mrs W's new ISA account. And if Skipton was unable to do this it should increase the total compensation to £175 to include the interest, loss of any tax benefit on the interest and for the distress and inconvenience caused. But the investigator didn't agree Skipton needed to compensate Mrs W for any lost interest on the £28,000 she didn't transfer at the time.

Mrs W accepted the investigators recommendation. But Skipton didn't agree, so the matter was passed to me to decide. Following my involvement Skipton agreed to the recommendation, but Mrs W changed her mind and wanted me to consider the additional compensation for the £28,000 she didn't transfer at the time.

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.

Skipton have acknowledged that the ISA wasn't transferred within the timeframe that it should have been. I have to decide whether I feel that the compensation that Skipton have

offered Mrs W because of this is fair and reasonable or whether, given the circumstances, a higher amount would be more appropriate.

I've thought about the compensation offered and to be clear missing interest isn't a payment for damages or compensation as suggested by Skipton in its contact with this service, this is interest lost which should have been accrued by Mrs W's ISA had the transfer taken place without the delay which Skipton has accepted.

Skipton told us it is not able to add the interest to the transferred ISA. But as it's clear the delay has caused Mrs W to miss out on interest that should have been in her ISA, I believe that this loss of interest could have been added to her ISA without it impacting her yearly ISA allowance.

As Skipton isn't able to add this interest to the ISA, I'm satisfied this has caused further inconvenience for Mrs W for which she hasn't been compensated. Had the transfer happen in the expected timeline this £11 interest would have accrued further tax-free interest in her account without the need for her to use any of her annual allowance.

Understandably this issue means that Mrs W will in perpetuity have £11 less of an allowance due to the delay caused by Skipton – whilst there is a possibility Mrs W may not use her full allowance at some point in the future, I can only consider what happened at the time and so she suffered a loss of opportunity to use her full allowance if she wishes to do so. And if she doesn't add this to the ISA she will lose the tax-free benefit on this amount she would have enjoyed had the interest been paid into the ISA.

So I agree with the investigator's recommendation, and I think the additional compensation of £39 taking the total compensation to £175 seems reasonable in the circumstances for the loss of opportunity for Mrs W to use her full allowance and for any inconvenience and loss caused by the delay.

I've also considered if Skipton should compensate Mrs W for the £28,000, she didn't transfer sooner due to the delay. But I don't think it should, I say this because ultimately it was a decision for Mrs W to take at the time. While there was a delay with this transfer, she also had another transfer for £27,000 which transferred without issues. So if she had wanted, she could have attempted to transfer the £28,000 – so it follows I'm not persuaded that Skipton needs to compensate Mrs W for this.

Putting things right

To put things right Skipton should:

- Pay Mrs W a total of £175 for the loss of interest and the distress and inconvenience caused by the delay.

My final decision

For the reasons mentioned above, I uphold Mrs W's complaint about Skipton Building Society and recommend it pays Mrs W a total of £175 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 7 July 2025.

Jag Dhuphar
Ombudsman