

## **The complaint**

Mrs S complains about the service she received from Cynergy Bank Plc ("Cynergy") when she instructed it to close her ISA and transfer the funds to an ISA account held externally. In particular, she is unhappy that Cynergy closed her ISA prior to making the transfer of her funds resulting in them losing their ISA wrapper and tax-free status.

## **What happened**

Mrs S held an ISA with Cynergy with a balance of over £70,000. Mrs S wished to transfer the funds in her ISA to an ISA held externally and so on 8 August 2024 logged into her Cynergy account and selected the option "Transfer to Nominated Account and Close Account on completion of transfer".

Mrs S received an email the following morning confirming that the account had been closed.

Following not receiving the funds as expected into her nominated bank account Mrs S called Cynergy to find out what was happening. Mrs S was told Cynergy still had her money and it was being held in a holding account and that it would be transferred to her nominated account as requested.

After two further phone calls and an email from Cynergy on 27 August it was established that Mrs S's fund transfer had been rejected and bounced back and as Mrs S's account had been closed her money was placed in Cynergy's holding account.

After a further unsuccessful attempt at transferring the funds Cynergy confirmed on 2 October that the reason the funds were bouncing back and being rejected is that Mrs S's ISA with Cynergy had been closed. This meant that it wasn't possible to fund her external ISA as the money that had been held with Cynergy had lost its ISA wrapper on closure.

Mrs S raised a complaint with Cynergy about this. Cynergy issued its final response to this on 22 November and confirmed a cheque for the contents of Mrs S's ISA had been sent. Cynergy didn't agree it had made an error which resulted in the loss of her ISA wrapper as it carried out Mrs S's request as per her instructions and closed her account and transferred the funds to her nominated account. And as her ISA was not a flexible one once money was withdrawn it wasn't possible to replace it without counting towards Mrs S's annual subscription.

But it agreed that its customer service had been poor and that it should have informed Mrs S earlier on that her money had lost its ISA status sooner than it did and offered Mrs S £200 for the distress and inconvenience this caused.

Mrs S was dissatisfied with this and brought her complaint to this service. Mrs S says she was given a one click option to transfer and close her ISA with Cynergy which she took, and it was Cynergy's error that caused her to lose the ISA status on her money as it was Cynergy who transferred her money from ISA to non-ISA (their holding account) rather than her nominated ISA account as requested.

Cynergy say it carried out her instructions correctly and that Mrs S's account was closed following making the payment. It says Mrs S would've received a pop-up message before Mrs S's payment request could proceed informing her that the funds will lose their tax-free status and stating "To transfer funds to an ISA account outside of Cynergy Bank you must contact your ISA provider" and Mrs S was given the option of clicking the button to "Yes, proceed" or "No, cancel".

Furthermore, its terms and conditions states that the new ISA provider will request the transfer on a customer's behalf.

One of our investigators looked into Mrs S's concerns but didn't think Cynergy had made an error as it had carried out Mrs S's instructions as requested and as it had given her warnings prior to it fulfilling her instructions they couldn't say that Cynergy hadn't taken reasonable steps to make Mrs S aware of the potential impact of her request.

They agreed that Cynergy could've communicated certain information to Mrs S sooner regarding what had happened and the loss of the ISA status. But thought as this didn't make a material difference to the overall outcome that the £200 offered by Cynergy was fair and reflective of the service issues she experienced.

Mrs S disagreed. She doesn't recall seeing a pop-up message and says the one click option to transfer and close the account should allow time for the transfer to be made before the account is closed. She says the fact that Cynergy closed the account as soon as the money was sent meant that her external ISA provider could not accept it as it was not coming from an ISA but from Cynergy's holding account and so the issue is Cynergy's poor practise.

Mrs S wants the ISA status reinstated on her funds and to be compensated for lost interest and has asked for an Ombudsman's decision on the matter.

### **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 hope that Mrs S won't take it as a discourtesy that I've described and condensed her complaint in the way that I have, the background to the complaint is known by both parties and so I don't see the merit in repeating it all here in detail. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that.

It might help if I explain here my role is to look at the problems Mrs S has experienced and see if Cynergy has done anything wrong or treated her unfairly. If it has, I would seek – if possible - to put Mrs S back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

And where there is a dispute about what happened, I've based my decision on what I consider most likely to have happened in the light of the available evidence.

Having considered all the evidence – and I know this will come as a disappointment - I'm in agreement with our investigator and I don't think there is anything much more of use I can add.

Though I don't doubt that Mrs S doesn't recall seeing a pop-up message advising her to contact her ISA provider when issuing her instructions and thought she was following the

correct process to transfer her funds from one ISA to another, I don't think this mistaken belief was due to any wrongdoing on Cynergy's part.

I say this as Cynergy have provided screen prints which shows that Mrs S would've been given a warning in the form of a pop up informing her that she would lose tax-free status if proceeding with her online transfer instructions and that she must contact her ISA provider and that she had to click on a proceed or cancel button to continue. I appreciate Mrs S doesn't remember this, but I've seen no evidence to show me that this didn't happen as it should've in her case.

I accept Mrs S doesn't understand why Cynergy would provide an option to transfer money out with "one click" if it can't be transferred into another ISA. But some might just want to transfer money out of their ISA to their nominated account for spending or investing in other products and this "one click" option provides a convenient way of doing this.

So I can't say Cynergy are made a mistake when it carried out Mrs S instructions promptly and transferred the money out of her account to her nominated account and closed her account.

It is most unfortunate that it is not possible to refund Mrs S's ISA once money has been withdrawn but those are the rules that apply to a non-flexible ISA – the product Mrs S held. I sympathise with Mrs S that her funds lost their ISA status, but it wasn't down to any error made on Cynergy's part. Mrs S's funds were rejected from the external ISA provider as Mrs S's ISA with Cynergy had been closed – as per her instructions – and Cynergy had no place to put them on return but its holding account and await further instruction. And so I can't say Cynergy have treated Mrs S unfairly here.

But that isn't to say it did everything right. Cynergy have acknowledged that it should've informed Mrs S earlier than it did that her funds had lost their ISA status or wrapper once her account had been closed. Mrs S spent a considerable amount of time chasing Cynergy up on something that it was no longer possible to do, and it was almost three months before she received the proceeds of her ISA.

But although I appreciate there was some time between closing her ISA and receiving the proceeds, I don't think Cynergy should have to pay for any lost interest in this period as I note that Mrs S repeatedly provided instructions to pay her ISA funds to another ISA account held externally that couldn't receive them. And as this wasn't due to an error on Cynergy's part, I can say any lost interest is as a direct result of this.

And so on that basis I think the £200 compensation offered to Mrs S is fair and in-line with what I'd expect regarding the service Mrs S received and I'm not going to ask Cynergy to do anything more.

As what has happened looks to be a genuine error on Mrs S's part, Mrs S might want to enquire with the HMRC about the possibility of reinstating her ISA.

**My final decision**

For the reasons I've explained, I think Cynergy Bank Plc's offer of £200 compensation is a fair way to settle Mrs S's complaint and direct if it hasn't done so already to pay Mrs S this now.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 15 September 2025.

Caroline Davies  
**Ombudsman**