DRN-5778996

The complaint

Mrs M complains that Lloyds Bank PLC failed to transfer her stocks and shares ISA to a cash ISA with it. She also complains of administrative failures and poor customer service.

Mrs M is being represented by her daughter, Mrs P.

What happened

Mrs P has a Lasting Power of Attorney ("LPA") for her mother, Mrs M. Mrs M is 92 years old, blind and in poor health. In March 2024, Mrs M decided to move her stocks and shares ISA, valued at around £30,000, from her existing ISA provider to a cash ISA with Lloyds.

On 27 March 2024, Mrs P posted an ISA transfer form to Lloyds on behalf of her mother.

On 12 April 2024, Mrs P called Lloyds to chase up the transfer and was told that the transfer had been rejected. During the call, she was told that Lloyds had written to Mrs M on 4 April 2024 notifying her about the rejection due to multiple reference numbers being included on the transfer request. Mrs P explained that included on the forms were the customer number and account number with her mother's existing ISA provider and so asked Lloyds to process the ISA transfer request. However, Lloyds refused and instructed her to send a new transfer request.

Mrs M received the transfer rejection notification letter the next day, however, Mrs P looked at her mother's existing stocks and shares ISA online on 15 April 2024 and was shocked to see the balance was zero. She contacted Lloyds to find out if the transfer request had been processed and was told that it would speak with the transfer team back office and asked her to call back the next day. Mrs P called back the next day and was told the transfer had been rejected by Lloyds. Lloyds also suggested that the destination account number for the newly opened cash ISA account was incorrect on the transfer request application, which caused Mrs P concerns around her mother being a victim of fraud.

Mrs P has explained that she was in London on the day and not with her mother, so she was unable to speak to her mother's previous ISA provider as she hadn't provided it with the LPA. As such, she contacted the independent financial adviser ("IFA") who had set up the existing stocks and shares ISA. The IFA was able to discover that the funds were in a holding account with her previous ISA provider and so were not visible on Mrs P's online account and a cheque had been drawn and sent to the Lloyds Transfer Team. The IFA requested for the cheque sent to Lloyds to be cancelled and the funds were then credited back to Mrs M's account.

Having lost confidence in the Lloyds transfer team, Mrs P decided to transfer £20,000 directly into the Lloyds cash ISA account to benefit from the highest interest rate on offer. She says this was to avoid having to go through the uncertainty and anxiety experienced previously. The remaining £10,000 couldn't be put into a Cash ISA until the next tax year, so she decided to put it into a Building Society account until it could be transferred into the ISA.

Mrs P complained to Lloyds on behalf of her mother as she felt Lloyds had failed to correctly action the transfer request and that the misinformation given to her led her to have concerns around fraud. She felt Lloyds should compensate her for the loss of interest, the IFA fees incurred and for the distress and inconvenience caused.

Lloyds partially upheld the complaint about the conflicting information provided by it on the status of the transfer. Lloyds offered £200 compensation for the distress and inconvenience caused and agreed to pay interest on the £30,000 from the date the cash ISA account was opened until the transfer was cancelled which came to a total of £96.38. Lloyds didn't think it was fair for it to cover the costs incurred in engaging with the IFA.

Mrs P was unhappy with Lloyds response and so she referred her mother's complaint to this service for an independent review.

One of our investigators looked into the complaint and partially upheld it. In summary, they said:

- Lloyds had communicated poorly with Mrs P which had caused her undue distress and inconvenience. They also acknowledge the impact this had on her whilst discovering that her mother's funds were not showing on her online account. So they felt Lloyds should increase the award for distress and inconvenience to £400.
- They didn't think it would be fair to ask Lloyds to pay compensation for any losses suffered or costs incurred following Mrs P's decision to cancel the cheque and move the funds directly into the new cash ISA with Lloyds, as Mrs P could've arranged another transfer in order to maintain the ISA wrapper and allowance.
- They didn't think it would be fair for Lloyds to pay for the costs of engaging the IFA to look into the transfer issues.

Lloyds accepted the investigator's view but Mrs P didn't. In summary, she said:

- She didn't feel the proposed award fairly reflected the anxiety and distress caused by Lloyds and that Lloyds had no regards of the age and infirmity of her mother and the need for her to act swiftly on her behalf.
- When she sought the help, with Lloyds categorical denial it hadn't claimed the funds, she was faced with the fear that the money had been stolen and so it was reasonable for her to seek urgent professional help. So she felt Lloyds should reimburse her mother for these costs.

As Mrs P remained unhappy, the complaint has been passed to me 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.

I'm sensitive to the difficulties Mrs P's encountered whilst acting on her mother's behalf. But in each case I consider, I'm only empowered to make awards of compensation to the individual complainant who's eligible to use our service. In this case, Mrs M is the eligible complainant, because the ISA at the heart of this dispute belonged to her. So where I find Mrs M has suffered distress or inconvenience, I can make an award for that where I find it fair and reasonable to do so. But I can't make awards of the difficulties felt by anyone acting on Mrs M's behalf.

Mrs P is actively dealing with her mother's finances and has been granted an LPA to do so. However, I accept that Mrs M was also more likely than not aware of what was happening with her investment and would have likely been inconvenienced by Lloyds' actions. I've also taken into account that Mrs M is particularly vulnerable when thinking about any award.

Lloyds' accepts that it provided conflicting information and has agreed to the investigator's increased award of £400 to compensate Mrs M for this. I understand that Mrs P believes that this amount doesn't reflect the amount of anxiety and distress caused. However, I think this award fairly takes into account that Mrs P, acting as a third party, would have been most affected by having to make enquiries around the progress of the transfer and that I can't take into account any distress caused to her. I also think it's fair and reasonable to assume the major concern centred around the money appearing to have gone missing from Mrs M's account with her previous ISA provider, which I don't think Lloyds was responsible for. I will address this below.

Turning to Mrs P's comments around Lloyds reimbursing her mother for the costs of her engaging with the IFA. I've thought very carefully about this but having done so, I don't think it would be fair to ask Lloyds to cover these costs. I'll explain why.

I understand that when Mrs P called Lloyds on 16 April 2024, it confirmed that the transfer had been rejected. I appreciate why Mrs P had concerns at this point due to her finding out that her mother's online account with the previous ISA provider had a zero balance. However, the IFA was able to contact the previous ISA provider and discovered that the funds were being held by it in a holding account. As such, I don't think Lloyds was incorrect for saying it hadn't received the funds as it was clearly still being held by the previous ISA provider and the confusion about where the funds had gone doesn't appear to have been caused by Lloyds. Rather, Mrs M's previous ISA provider appears to have caused the confusion by putting the funds in a holding account rather than placing them back within her stocks and shares ISA. I appreciate the urgency Mrs P felt to find out what had happened to the funds and why she felt she had no choice but to contact the IFA who had originally set up the stocks and shares ISA. However, I don't think Lloyds was in a position to confirm where the funds were being held as only the previous ISA provider was privy to this information and ultimately, it was Mrs P's choice to contact the IFA rather than trying to speak with the previous ISA provider herself. Again, I understand the urgency and that Mrs P was not with her mother at the time and so she had concerns that she wouldn't be able to talk about her mother's account with it (as she hadn't logged the LPA with it), however, I don't think it would be fair or reasonable to hold Lloyds responsible for any costs associated with engaging with the IFA.

I've also considered Mrs P's comments around her mother losing her ISA allowance by her cancelling the transfer and transferring £20,000 directly into the cash ISA with Lloyds. Again, I don't think it would be fair or reasonable to hold Lloyds responsible for this decision. Whilst I appreciate Lloyds has accepted that it could have communicated more clearly with Mrs P regarding the status of the transfer and that she had lost confidence in Lloyds' ability to execute the transfer correctly, I'm satisfied that she could've have taken appropriate action to maintain her mother's ISA allowance. I say this as when our service considers any potential financial loss, we would expect a consumer to try and mitigate this. In this case, Mrs P could've looked to transfer the funds to a different ISA provider if she had concerns with Lloyds or, as I'm aware she wanted to take advantage of the interest rate Lloyds was providing, I think it's reasonable to have expected her to reengage the transfer process with Lloyds, if maintaining her mother's ISA allowance was a priority.

Finally, I've also considered Lloyds' rejection of the ISA transfer and the miscommunication surrounding this. I understand Lloyds offered £200 compensation for the distress and inconvenience caused and agreed to pay interest on the £30,000 from the date the cash ISA account was opened until the transfer was cancelled which came to a total of £96.38. I'm satisfied Lloyds was in part, responsible for the delay in completing the transfer due to the miscommunication it has admitted, which would have caused a direct financial loss to Mrs M. I'm pleased to see that Lloyds has recognised this by paying her the loss in interest she could've achieved had the transfer gone through correctly. As such, if it hasn't already, I think Lloyds should also pay the £96.38 offered.

Putting things right

Lloyds should pay Mrs M the following, if it hasn't already:

- £96.38 for the missed interest.
- £400 for any inconvenience caused to Mrs M.

My final decision

My final decision is that I uphold this complaint and direct Lloyds Bank PLC to pay the award set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 24 September 2025.

Ben Waites
Ombudsman