

## The complaint

Mr S complains Bank of Scotland plc trading as Halifax incorrectly requested a full transfer of his Individual Savings Account (“ISA”) balance from another provider, rather than a partial transfer. As a result, his ISA with the other provider was closed and hasn’t been able to be re-opened.

Mr S has been represented by his son, Mr B, but for ease I’ll refer to Mr S throughout – unless specified.

## What happened

Mr S originally requested Halifax to arrange a partial transfer of £65,000 from his ISA with another provider, in April 2024. An error occurred so the original request didn’t go through. Halifax then processed a request in May 2024, but they incorrectly requested a full transfer. Mr S was unhappy that his full balance of £80,582.48 was transferred and the account with the other provider was closed, so he raised a complaint.

Halifax agreed an error had been made and paid Mr S £100 compensation to recognise any distress or inconvenience caused. They reached out to the other provider to ask if money could be returned to the original account but were advised by the previous provider that the account was now closed and it wasn’t possible to re-open that account. Unhappy with their response, Mr S brought his complaint to our service.

When we asked Halifax for their file, they reviewed the complaint again. They increased their compensation offer by £250 and gave Mr S options on how to proceed with his ISA. They said in summary Mr S could:

- Choose to keep all his money with Halifax,
- Mr S could receive the excess money that had been transferred via cheque, or,
- Mr S could arrange to open a new account with his previous provider and Halifax would return his ISA money to the new account.

Halifax said they’d make sure the last two options wouldn’t count as one of the three penalty-free withdrawals available on his account. Once an option had been selected; Halifax would compensate Mr S for any loss of interest if the originating account had attracted a higher rate of interest than the Halifax account. They also said if Mr S did choose to open a new account, they’d pay any loss of interest if the new account paid less interest than his original ISA with the previous provider.

I reviewed the complaint and issued a provisional decision. I’ve reproduced the finds from my provisional decision below.

*I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.*

*It's not in dispute that Halifax have made an error here, so I won't look to cover this point off in any further detail. What my decision focuses on is how I think Halifax should put things right.*

*I appreciate Mr S ultimately wants his original account with his previous ISA provider to be re-opened and money returned to that account. Our service has looked at this point in relation to the other provider in a separate complaint for Mr S – so again I won't look to cover this point any further here.*

*Halifax have recognised their error and have given what I consider to be reasonable options to Mr S on how to proceed with his money. And I think it's fair that Halifax cover any potential loss of interest, if any, on the amount that was incorrectly transferred if the interest rate on his previous account was higher than the Halifax ISA. However, they've also said they would cover any potential loss of interest on money transferred back to the new provider, if the interest rate on a new account was lower than the ISA Mr S had previously held. However, Halifax haven't specified how long they would intend to potentially cover this, and I don't think it would be reasonable for Halifax to have this possible ongoing liability.*

*I say this as I also need to consider that Mr S needs to mitigate his circumstances here. And whilst I can understand why he may not have taken further action up until this point, as he had hoped the money could potentially be returned to his account with his original provider – he will need to make a decision on what he wishes to do with the money moving forward and assess which account may be best for him. So, along with the offer of compensation from Halifax, I've gone into further detail below about how far I think Halifax would be liable on any potential loss of interest.*

### **Putting things right**

*In summary, I'm recommending Halifax:*

- Pay Mr S an additional £250 compensation to the £100 compensation already paid, for the original error of incorrectly requesting a full transfer. This brings the total amount of compensation to £350, which I consider to be fair and reasonable for any distress or inconvenience this has caused Mr S.*
- In regard to the money in Mr S's Halifax ISA, Mr S should choose within 28 days of accepting this final decision whether to either:
  - o Leave the money in his Halifax ISA or;*
  - o Mr S can arrange for a new ISA with his previous provider to be opened and Halifax will send money back as an ISA out request – so this won't impact Mr S's current year's ISA subscription or;*
  - o Mr S can choose to receive the money via a cheque – however, Mr S would lose his historic ISA subscription for this amount.**

*Halifax have said regardless of which option Mr S chooses – they'll ensure it doesn't count towards one of his three available withdrawals for his Halifax ISA for the year. And that feels fair to me given this situation arose through no fault on Mr S's part.*

- If applicable, pay Mr S any loss of interest on the ISA balance transfer amount that was incorrectly transferred, £15,582.48, if the interest rate on his previous ISA was higher than the rate of his current Halifax ISA. This should be covered for the period of 31 May 2024 to the date of settlement – which should be within 28 days of Mr S accepting this final*

*decision.*

*I consider the above to be a fair and reasonable way to resolve the complaint and fairly puts Mr S back in the position he would have been, as far as is possible, had the error not occurred.*

Halifax responded and accepted my provisional decision, but Mr S did not. In summary, Mr B on behalf of Mr S said:

- The compensation amount is too low,
- Management hadn't got things right in branch,
- The original partial transfer instruction failed and was then put on hold, so the whole transfer was unauthorised.

### **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've carefully considered the points Mr B has raised on behalf of Mr S, but they've not persuaded me to change the findings that I reached in my provisional decision. I appreciate this will be disappointing to Mr S – but I'll explain my reasoning to the further points raised below.

From what Mr S has now said, I understand he's saying the whole transfer was done in error because it ought to have been on hold. This isn't an argument he's previously focused on in this complaint or his complaint with the original provider. However, even if there's ambiguity about Mr S's authority here, it's not in dispute that Halifax made an error and needs to put things right. It could however potentially make a difference, on the sums in which Halifax should pay any potential loss of interest to Mr S.

However, Mr S hasn't been specific about what he would have done other than asking Halifax to resubmit the original partial transfer request. So, I'm not persuaded he's lost out on any interest on the £65,000, as I consider it's more likely than not that it was his intention to transfer this amount to his Halifax ISA. I say this as it was the sum he originally instructed and he hasn't taken any further action to mitigate or move money from his Halifax ISA – which I would have reasonably expected him to do, if it was never his intention to have money in that account. That's why I've awarded any potential loss of interest on the difference between the amount he originally asked to be transferred and the amount that was ultimately transferred in error – if any.

As outlined in my provisional decision, I'm satisfied Halifax made an error and things went wrong – which wasn't the fault of Mr S. But I'm also satisfied that Halifax have offered appropriate options to Mr S, to put things right and, in so far as is possible, put Mr S back in the position he would have been had the error not occurred.

Halifax are taking steps to make sure Mr S hasn't lost out financially on both any potential loss of interest, if any, and making sure any withdrawals from his current Halifax ISA, if Mr S chooses to take this corrective action, doesn't impact his current year's ISA subscription or penalty-free withdrawals. So, taking this into account, I'm satisfied Halifax's offer to pay a further £250 compensation to the £100 already paid is fair and reasonable in the circumstances and fairly compensates Mr S for any distress or inconvenience caused.

It is now for Mr S to decide how he wishes to proceed with the money in his Halifax ISA and choose from the options outlined above and Halifax must act on Mr S's choice.

## **My final decision**

My final decision is I uphold this complaint and instruct Bank of Scotland plc trading as Halifax to:

- Pay Mr S a further £250 compensation in addition to the £100 compensation already paid.
- Follow Mr S's instructions on how Mr S wishes to proceed with his Halifax ISA. Mr S can choose to either:
  - Leave the money in his Halifax ISA or;
  - Mr S can arrange for a new ISA with his previous provider to be opened and Halifax will send money back as an ISA out request or;
  - Mr S can choose to receive the money via a cheque
- If applicable, pay Mr S any loss of interest on the ISA balance transfer amount that I consider was incorrectly transferred, £15,582.48, if the interest rate on his previous ISA was higher than the rate of his current Halifax ISA. This should be covered for the period of 31 May 2024 to the date of settlement – which should be within 28 days of Mr S accepting this final decision.

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

Laura Davies  
**Ombudsman**