

## **The complaint**

Mr F complains about the way Interactive Brokers (U.K.) Limited (IBUK) handled an attempted transfer of his individual savings account (ISA).

Mr F says IBUK's offer of compensation is insufficient, and it should pay him interest for the full period during which he could not access his money, along with a higher payment for distress and inconvenience.

## **What happened**

Mr F had an ISA with IBUK but then closed it. In March 2025, Mr F accessed the IBUK website and was presented with an option to request an ISA transfer into the account. Mr F submitted a transfer request through IBUK's system. He attempted to transfer funds from a third party. The third party released the funds on 12 March 2025, and IBUK received the funds the following day. However, the transfer could not be completed, as IBUK realised then that the funds were sitting in a closed account. The funds were returned by IBUK to the third party.

Mr F complained to IBUK. He said the transfer should never have been actioned by IBUK because the account was closed. He said the situation meant he could not access a large sum of money for a period of time. Mr F said this was from 12 March 2025, when the funds left the third-party account to, he thought, 5 April 2025.

IBUK accepted that its systems allowed a transfer request to be made to a closed ISA account and said this was an error on its behalf. It paid interest on the funds for the period it said it held the money for, this being 13 March 2025 to 31 March 2025, and offered to pay £100 for the distress and inconvenience it had caused. Mr F was not happy with IBUK's response and said he should be paid interest for the longer period of time that he has mentioned that he was denied the use of his funds for. He referred his complaint to our service.

An investigator looked into Mr F's complaint. He made a finding that the loss period was 13 March 2025 to 31 March 2025, when IBUK held the funds. The investigator said the correct interest rate applicable should be the third party's ISA rate for that period. He calculated that this resulted in a shortfall of around £39 compared with the amount already paid by IBUK. The investigator also considered £100 to be fair compensation for the distress and inconvenience caused by IBUK.

IBUK agreed, but Mr F was not in agreement with the investigator's view. He said he had not initiated the transfer in the way suggested and that IBUK's system had presented the option despite the account being closed. He argued that the loss period should run from when the third party released the funds rather than when IBUK received them, this being 12 March 2025 and that it should continue to 5 April 2025, when the funds were returned. He said the communication he received during his complaint was poor and that the compensation offered did not properly reflect the seriousness of the situation.

Because the parties are not in agreement, Mr F's complaint has been passed to me, an ombudsman, to look into.

### **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 have independently reviewed Mr F's complaint and have arrived at the same outcome as the investigator, for broadly the same reasons. I will explain why.

First, I agree that IBUK made an error and this is not disputed by the parties involved. Its systems allowed a transfer request to be submitted to an ISA account that had already been closed. That should not have happened.

IBUK has accepted there was an operational failing, so although I do acknowledge the comments made about what happened, I don't need to say much more about this, other than I need to consider the impact IBUK's mistake had on Mr F.

What is left in dispute between the parties is what constitutes fair compensation in the circumstances of this complaint. So, I have looked into this further and considered what loss was actually caused by the error, and whether IBUK's offer of compensation was a fair one.

The information I have been provided by the parties shows that the third party sent the funds on 12 March 2025, and IBUK received them on 13 March 2025. I have seen a screenshot from the third party that confirms this happened. The funds were then returned by IBUK on 31 March 2025, and again I have seen a screenshot of Mr F's account with the third party, that shows the money was back in his account on 1 April 2025.

Mr F said the relevant period should go on later, when it received the funds back. But I have not seen enough evidence that the funds were delayed to 5 April 2025, as Mr F said they were. Instead, IBUK said it sent the money back on 31 March 2025, and I can see from the account screenshot, that the money was credited back on 1 April 2025. So, Mr F's funds would have, as I understand it, been interest accruing from this date, with the third party.

I do acknowledge Mr F's comments about his money leaving the third-party account on 12 March 2025. I have seen a screenshot that shows this happened. That said, IBUK has offered to pay compensation from the following day when it received the funds in error, this being the first day that Mr F was denied the use of his funds, but for its mistake. I think, in the circumstances IBUK is not being unfair by offering to do this.

In consideration of what I have just concluded, I'm satisfied the dates used by IBUK are fair and reasonable. IBUK has paid interest for the period it held the funds, and I don't think it is being unreasonable by not offering to do any more than this on this occasion.

I also agree that a suitable interest rate to apply is the third-party ISA rate, after all, that is where the funds would have been but for IBUK's mistake. If the transfer request had not been made, Mr F's money would have remained in their account earning interest there. Applying that rate results in a figure of around £337 for the relevant period.

IBUK previously calculated interest using its own rate and paid £297.99. That leaves a shortfall of around £39. I consider it fair that IBUK pays the higher amount.

I've also thought about the distress and inconvenience IBUK caused. I accept that the situation would have been worrying for Mr F, particularly given the amount of money

involved. I also agree that IBUK's system should not have allowed the transfer request to be made in the first place. I acknowledge the difficult time Mr F said he has endured in dealing with his complaint. But also, I can see his funds were safeguarded throughout and the period he was inconvenience for was relatively short.

Taking everything into account, I'm satisfied £100 is a fair award for the distress and inconvenience IBUK has caused Mr F.

### **Putting things right**

To put things right, Interactive Brokers (U.K.) Limited should:

- Calculate an interest payment using the third parties cash ISA rate, at 4.5% AER, for Mr F's money, between 13 March 2025 and 31 March 2025, and pay this to him if it hasn't already done so.
- It should also pay £100 for the distress and inconvenience it has caused, again if it hasn't already done this.

### **My final decision**

My final decision is that I partially uphold Mr F's complaint. I require Interactive Brokers (U.K.) Limited to put things right as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 13 April 2026.

Mark Richardson  
**Ombudsman**