

The complaint

Mr S complains that Shawbrook Bank Limited wrongly closed all of his accounts. It reopened them when he complained but then misled him about his funding options.

What happened

Mr S opened 133 accounts with Shawbrook. Of these, 132 were ISAs, and the vast majority were never funded.

Mr S has explained that he took out a 40-year mortgage in June 2023 and that his intention had been to fund the ISAs over the term of the mortgage. He believed that the fixed interest rates on the ISAs would be higher than the mortgage rate over time, so the interest he would earn on the ISAs would, in effect, cover the interest due on the mortgage.

In July 2024 Mr S asked Shawbrook to close 25 of the ISAs. Shawbrook however closed all Mr S's accounts, including – in error – a savings account with a credit balance. When Mr S complained, Shawbrook initially said that it was entitled to close the unfunded accounts. It later agreed to reopen all the accounts (including the funded savings account), other than the 25 accounts which Mr S had asked it to close.

Over the course of several phone calls, Mr S then asked about his funding options. He was given the impression that he could fund ISA accounts at any time from his linked bank account. When he tried to do that, however, Mr S found that he could not fund and operate the accounts in the way he intended. He complained to this service, where one of our investigators considered what had happened.

The investigator was satisfied that Shawbrook had addressed Mr S's initial concerns by reopening the accounts which it had closed without his instructions to do so. However, he took the view that the bank's subsequent explanations about the operation of the accounts were incomplete and misleading. For example, it had not explained that there was a minimum funding requirement and that accounts might be closed if that was not met or that products might be withdrawn in their entirety.

The investigator recommended that Shawbrook pay Mr S £100 in recognition of that. Shawbrook accepted the investigator's recommendation, but Mr S did not and asked that an ombudsman review the case.

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.

Mr S's explanation of his reasons for opening so many accounts indicates that he believed he could open an account to secure a fixed interest rate which would remain available to him for many years into the future, even if he did not fund that account. I hope he now understands that is not the case, since Shawbrook can withdraw any product at any time. A customer who has an open product which has not been funded will not be able to fund it after withdrawal. And a fixed term product which has been funded will close when the fixed term comes to an end.

I agree with the investigator, however, that Shawbrook did not explain things as well as it should have done and that this might have led Mr S to believe that he could indeed keep a large number of ISAs open and unfunded for potential use many years into the future.

Mr S's actions in opening as many ISAs as he did was, in my view, very unusual. His complaint when they were closed provided Shawbrook with an opportunity to ask him why he had opened so many accounts but not funded them. (Given the minimum funding requirement of £1,000 and the annual ISA limit of £20,000, he could not fund them all in any event.) It was also a chance to make sure that Mr S understood why he could not use ISAs in the way he intended. Shawbrook did not take that opportunity. Further, by agreeing to Mr S's request that the accounts be reopened, I think Shawbrook added to any confusion, when it could have taken steps to clarify the position.

The investigator recommended that Shawbrook pay Mr S £100 by way of compensation. That is a relatively modest award, but I think it fairly reflects the fact that Mr S must have known that opening more than a hundred ISAs with no intention of funding many of them for several years was unusual. In the circumstances, I agree that it is a reasonable award.

My final decision

For these reasons, my final decision is that, to resolve Mr S's complaint in full, Shawbrook Bank Limited should pay Mr S £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 March 2026.

Mike Ingram
Ombudsman