

The complaint

Mr H complains about Castle Trust Capital PLC trading as Castle Trust Bank and how it handled his ISA account at maturity. Mr H is unhappy that Castle Trust won't reverse the closure of his ISA account after the funds were withdrawn in error.

What happened

Mr H carried out maturity instructions for his e-Cash ISA online. Mr H says he intended to reinvest the full funds into a new ISA product with Castle Trust.

After maturity Mr H received a bank statement, and he saw the funds from his ISA had been returned to his bank account.

Mr H complained to Castle Trust and sought it reinstate his ISA with the funds that had been withdrawn in error. Mr H said he had selected to reinvest his funds and not withdraw them. And if he had selected both options, he didn't think the online process was set up in a reasonable manner to avoid such mistakes.

Castle Trust acknowledged Mr H said it was an error and he intended for the funds to be reinvested into another ISA. But Castle Trust said it hadn't made an error, it had followed the instructions provided by Mr H and so, in line with the rules, it was unable to reinstate the ISA.

Mr H remained unhappy and referred his complaint to this service. Our investigator upheld the complaint. She said on the balance of probabilities she believed Mr H had incorrectly inputted his maturity instructions. However, she felt the online process was unclear and had caused the error which led to Mr H withdrawing the funds rather than reinvesting them. And so, she held Castle Trust responsible for the error.

Castle Trust disagreed with our investigator's outcome. It sent evidence which it said shows that when both options are selected, and the full funds put into each option, the system doesn't allow a customer to progress nor submit the instruction. Castle Trust said Mr H submitted withdrawal instructions for the full amount and it followed his instructions. And it rejected the assertion that the maturity screens for the online process were unclear.

Our investigator maintained her position, which Castle Trust disagreed with, and so the complaint has been passed to an ombudsman for a decision.

In my recent provisional decision, I said:

"I was sorry to hear about the circumstances which led to this complaint. I can understand and sympathise with the frustration Mr H has expressed in his correspondence with our service.

I'm aware I've only summarised the circumstances of Mr H's complaint here. So, I'd like to reassure Mr H I've read and considered everything he's told us in full. I've focused on the main points relevant to my outcome.

The issue for me to determine is whether Castle Trust has correctly followed the rules, and whether the application of these rules is fair and reasonable in the specific circumstances of this complaint.

All businesses which offer ISAs are governed by ISA transfer rules set by the government. ISAs are different to other financial products; they have a tax-exempt status and as such are overseen and regulated by His Majesties Revenue & Customs (HMRC).

HMRC has published several guides about how ISA managers should operate. These guides explain how and if ISAs can be put back into tax-free status after being withdrawn. This information is available on www.gov.uk under 'How to manage an ISA investment fund', and in relation to this case, the relevant section is 'Cash withdrawn from an ISA in error' which states the following:

"Cash withdrawn from an ISA in error by the investor (or the investor's agent) cannot normally be reinstated.

The exception is that cash withdrawn in error by the investor (or the investor's agent) can be reinstated where both:

- the investor (or the agent) was attempting to transfer the ISA*
- the old ISA manager (or the new ISA manager) incorrectly advised the investor (or the agent) to withdraw the funds invested with the old manager and pay them into an ISA with the new manager".*

The guidance goes on to say that any application to HMRC to reinstate money removed from an ISA in error must contain "evidence of the incorrect advice given (copies of the relevant correspondence, a transcript of a telephone call in which the incorrect advice was given, or where the advice was given in a face-to-face meeting, a statement signed by the member of staff who gave the incorrect advice)."

I am satisfied the above provides an explicit definition of when HMRC will consider reinstating tax-free status. It requires detailed evidence of a specific error or incorrect advice by the business before HMRC will consider changing the status of withdrawn funds. It doesn't consider cases where the error has been made by the customer.

I appreciate Mr H is unsure precisely what happened when he completed his maturity instructions online. And given Mr H's testimony on the matter I appreciate it was most likely a genuine mistake, which he only realised had occurred when he received his bank statement. However, I don't think Castle Trust made an error in this complaint, so I don't think it's reasonable to ask it to reinstate the ISA or make an application to HMRC. I'll explain why.

Having looked at the online maturity process I'm satisfied it was reasonably clear to enable a customer to give their intended instructions.

I can see there are four boxes on the screen where a customer inputs their maturity instruction. The top box says, 'Fixed Term Maturity Instructions' followed by 'Please provide your fixed term maturity instructions'.

The second box down details the specific ISA account that is maturing and states what the estimated balance will be at maturity. The next two boxes below are where a customer inputs their maturity instructions.

The first of these boxes is titled 'Transfer funds to my selected account' and the second separate box below this is titled 'Transfer funds to a new product'. Based on the layout of the screen I'm satisfied it was set out in such a way that made it sufficiently clear this is the page where you submit your instructions and there are two options to choose from.

At the bottom of the two maturity instruction option boxes are sections labelled 'Amount'. This is where the customer needs to input the amount they are instructing to either be transferred to their selected account or transferred to a new product.

I think it's fair to say it's reasonably clear that transferring funds to a selected account means withdrawing the funds to a bank account of the customer's choice. And transferring to a new product means reinvesting the funds.

Castle Trust have provided evidence that shows a customer cannot submit an instruction when the full funds available at maturity have been entered into each 'Amount' section. So, if a customer had a total of £20,000 available at maturity, they wouldn't be able to proceed after putting £20,000 into the withdraw option and £20,000 into the reinvest option.

When a customer tries to put the full funds into each section the screen will provide an error message which says, "The total transfer amount must equal the balance at maturity". The error message includes an exclamation mark against a red background. Continuing with the earlier example, the screen would also display a minus figure in red and read 'Available balance to allocate -£20,000' in the reinvest amount section. And the customer will not be able to move onto the next screen to complete the maturity instruction if they've entered the funds twice. One of the 'Amount' sections would need to be zeroed out to continue.

Castle Trust have provided evidence to show the maturity instruction it received was for the full withdrawal of the funds from the ISA to Mr H's bank account.

So, on the balance of probabilities and based on the available evidence, I'm satisfied Mr H inputted his bank account number into the 'Transfer funds to my selected account' box. And I'm satisfied Mr H entered the full amount of funds into the 'Amount' section within the same box. And no funds were entered into the 'Amount' section for the reinvest option.

I understand Mr H says he also ticked one of the options within the 'Transfer funds to a new product' box. However, he wouldn't have been able to input any amount into that box. And I do think the online process and options were sufficiently clear in showing that to reinvest you must input how much you want to reinvest.

So, by leaving the 'Amount' section at '0' in the reinvest box, I think it's relatively clear and fair to say no amount was going to be reinvested.

I appreciate Mr H has said he completed the 'Transfer funds to my selected account' option expecting it to relate to what is done with the funds after reinvesting. Namely, by completing that box Mr H thought he was instructing Castle Trust to withdraw the funds to his bank account once the further reinvestment period ended in a year's time.

However, on balance, I think the online process was clear enough that I don't think it's reasonable for me to hold Castle Trust responsible for the error that occurred. And I think it's fair to say maturity instructions are normally given once the maturity period arrives rather than so far in advance. And I'm aware if a customer was unsure about any part of the maturity instruction process, they can call Castle Trust to speak with someone and they can refer to the online maturity instructions guide which also contains the telephone number to call Castle Trust.

Mr H said he would have read the online guide prior to reinvesting. I've looked at the guide, and I'm satisfied it explains the options at maturity and how to carry out maturity instructions online in a suitably clear manner.

Mr H said Castle Trust should provide some form of confirmation of the maturity instructions received once they've been issued by a customer. I understand Mr H considers this would give the customer the opportunity to edit the instructions if they saw they'd inputted them incorrectly. To demonstrate this Mr H sent this service an email from another ISA provider about a different ISA account. I've looked at that email, and it doesn't appear to confirm the maturity instructions that were given. It appears to be generic in that it says what would happen if you instructed for your funds to be reinvested or if you instructed to withdraw them. So, I don't think this email acts as explicit confirmation of a maturity choice.

I must also note once a customer has inputted their instructions through Castle Trust's online process and submitted it, the next page confirms the maturity instructions selected. I think this is sufficient in confirming and showing customer's the instruction that has been made.

As detailed, I'm satisfied Mr H most likely selected to withdraw the funds and entered the full amount in that box. Castle Trust have provided evidence to show the next screen Mr H saw would have said 'Your maturity instructions have been updated' and beneath that it would have shown those instructions as 'Transfer funds to my selected account'.

Overall, I think it's reasonable to consider, when reading that screen, it confirms the instructions provided were to transfer the funds to the selected account, in essence to withdraw them at maturity that year, not for the next year.

So, I don't think the online maturity process is sufficiently unclear to enable the withdrawal instruction Mr H provided to be classed as an error by Castle Trust.

I've not seen any evidence that shows Castle Trust misadvised Mr H or made a mistake in carrying out the maturity instructions it received. For these reasons I don't find that Castle Trust did something wrong nor do I think I can reasonably uphold this complaint.

As the money was transferred out of the ISA in error, Castle Trust isn't permitted to reinstate the account without permission from HMRC. There are very limited circumstances when HMRC would allow this. And I don't think the necessary circumstances for reinstating the ISA arise in this case for the reasons given above. Unfortunately for Mr H, that means neither I nor Castle Trust can make an exception here, as the relevant ISA rules don't allow for this.

I understand Mr H's disappointment at the situation he finds himself in and I accept that he made a genuine mistake on this occasion, but I am unable to conclude I can require Castle Trust do anything different."

Responses to my provisional decision

Castle Trust agreed with my provisional decision.

Mr H disagreed with my provisional decision. Mr H said he didn't recognise the next screen which I described above where the instructions given are confirmed. He reiterated that the bank hadn't sent or shown him, or our service, a copy of the actual instruction form he submitted. And he said he couldn't accept he was the only person to have found themselves in this situation.

Mr H wrote to this service again to provide some further comments. Mr H raised concerns that because I'd accepted a person's instructions are confirmed on the next screen this would mean Castle Trust wouldn't change its online process which could mean other customers could accidentally withdraw their ISAs in error.

Mr H raised concerns about the lack of a paper trail with online banking and concerns around the challenge with having to prove a case as a consumer. Mr H reiterated his recollection that there were two options - and he chose to reinvest. Though Mr H accepted the possibility he had clicked both options, given his funds were withdrawn and returned to his bank account.

However, Mr H pointed out what I highlighted in my provisional decision, that Castle Trust had shown the available funds couldn't be instructed to be withdrawn and reinvested at the same time and the screen wouldn't allow someone to continue if they tried to do this. But Mr H could not accept he had only opted to withdraw the funds and close the account.

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 considered what Mr H has said, and I don't think it changes my decision. I'll explain why.

I appreciate Mr H doesn't recall or necessarily accept that after one's instructions are given there is another screen which confirms the instructions received. However, Castle Trust have sent appropriate and persuasive evidence to show the screen that comes after the instructions page. And I'm satisfied that screen does effectively show the instruction option that has been selected.

So, I'm most persuaded that when Mr H gave his instructions online, there will have been a subsequent screen which showed the instruction option that had been selected. And it will have shown the option as being to transfer the funds to his selected account. I'm satisfied on balance it's reasonably clear this meant the funds would be withdrawn to his bank account upon maturity that year.

I acknowledge what Mr H has said about not being sent a copy of an instruction form. However, I think it's fair to say not all ISA providers will have a system which holds or creates an actual standalone copy of an instruction form in the manner Mr H has asked to see. In this case once a customer's instructions are given online, those instructions are fed into a system which populates a record of what the instruction was. And Castle Trust have shown us the record for Mr A's account which shows an instruction to withdraw the funds was received. I'm satisfied this is sufficient evidence of the instruction provided and received.

I can't say whether an error or a glitch occurred in the system between Mr H giving his instruction and Castle Trust's system recording it. And I do appreciate Mr H's testimony that he resolutely didn't choose to withdraw his funds. But I must consider the available evidence. And the evidence shows the instruction provided was to withdraw the funds. And I've not seen evidence to show there was an error to support the notion that Mr H chose to reinvest but the instruction somehow came through on Castle Trust's system as a withdrawal.

On the balance of probabilities, I think it's most likely there wasn't an error with the system and I think it's most likely Mr H entered his bank account details alongside the full funds into the transfer to account option. I accept in this scenario Mr H may not have realised this was going to withdraw the full funds. But that doesn't mean I can reasonably hold Castle Trust responsible for this, as I do think its online process is sufficiently clear.

I acknowledge what Mr H has said about the possibility of the same issue occurring with other customers and Castle Trust not changing its online processes in light of my decision. However, our service is not a regulator, we don't typically or explicitly tell a business to change its processes. My role is to consider the merits of a complaint and decide whether I

think a business has done something wrong in the unique and specific circumstances of that complaint. And in this case, I'm not persuaded I can say Castle Trust have done something wrong.

I wish to reiterate I have a lot of empathy for Mr H and for what appears to have happened here. I can understand how disappointing and frustrating it is to find your funds have been withdrawn when you intended to reinvest them. But overall, I've not seen evidence that shows Castle Trust misadvised or misled Mr H or made a mistake in carrying out the maturity instructions it received. And I don't think the necessary circumstances for reinstating an ISA arise in this case.

And so, for the reasons given, my provisional decision becomes my final decision.

My final decision

It is my final decision to not uphold this complaint.

I make no further award against Castle Trust Capital PLC trading as Castle Trust Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 March 2026.

Gordon Candlish
Ombudsman