

The complaint

Mr T complained that Skipton Building Society caused an unnecessary delay when transferring funds to his new account, resulting in lost interest.

He also complained about the incorrect timescales provided.

What happened

On 23 August Mr T contacted Skipton to close his account and transfer the closing balance of £11,404.69 to another bank.

Skipton told Mr T that the transfer had to be sent via cheque because he didn't have telephone banking to send it electronically. The agent said this would take up to five working days.

Mr T said this timescale wasn't met, as it wasn't until 2 September the cheque reached him.

Mr T said he was unhappy with the delay Skipton caused by sending a cheque, as this caused him to lose interest with his new bank.

In addition to this he is unhappy that the timescales provided were incorrect as he should have been informed the cheque can take eight working days, not five.

Mr T said he received the funds on 2 September, therefore he lost out on eight days interest with his new bank, at a rate of 4% AER.

In its final response, Skipton acknowledged it made errors when dealing with Mr T's request. Skipton said Mr T had previous telephone banking credentials that could have been used to make the transfer electronically. It also agreed that the advisor had provided Mr T with incorrect timescales for the cheque so apologised for its errors.

Skipton said it calculated the interest Mr T would have earned, had the funds been transferred to his new account by close of business 26 August, which was the date the transfer would have been processed had it been sent via faster payment.

Skipton calculated the lost interest of 4% for 8 days on the balance of £11,404.69 to be approximately £10.

Skipton offered £175 in compensation which includes the loss of interest calculated.

Mr T remained unhappy so brought his complaint to this service. He said his new bank calculated the loss of interest to be over £500 therefore the compensation offered by Skipton doesn't account for his loss.

The investigator said they think the new bank calculated the interest based on the total balance, which would have included the balance already in the account. The investigator said the new bank would have paid interest on the initial balance regardless of whether Skipton had sent the transfer via faster payment. Therefore, the interest loss related to the amount held with Skipton for the balance of £11,404.69.

The investigator found Skipton's offer of £175 to be fair and reasonable amount to account for the inconvenience, and loss of interest.

Mr T didn't agree because he said his new bank had calculated the lost interest to be over £500 so asked an Ombudsman to decide things.

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.

It is not in dispute that Skipton made a mistake when it didn't send Mr T's transfer electronically and provided incorrect timescales. Due to this, I will focus my decision on how the compensation has been calculated as this is the point in dispute.

Skipton completed their own calculations to understand the impact of their error. It did this by applying 4% (the interest of his new account) to the balance transferring from Skipton to Mr T's new account. Skipton calculated this to be approximately £10.

Mr T said his new bank calculated the lost interest to be £574.29.

I asked the investigator to request further evidence from Mr T so I can consider how his new account applied its interest I also asked him to provide the evidence from his new bank to show how it had completed their calculations of lost interest. I thank Mr T for providing this evidence to us at this stage.

Mr T confirmed his new account type, and I can see that it is an easy access account which pays its interest once a year.

From my review of the new evidence provided, Mr T's new bank has calculated the lost interest using the full amount of savings that he would have had in his new account, had Skipton had transferred the funds when it should have.

Mr T's new bank calculated the interest from 23 August to 1 September for £476,356.10 using the interest rate of 4% for 10 days. It calculated the interest for this period to be £574.29.

Skipton is not responsible for compensating Mr T for the interest on the full balance on his new account. This is because Mr T would be paid interest from his new bank on the existing amount when it applies it yearly.

I think Skipton is only responsible for the lost interest on the amount that it was transferring which was £11,404.69. Therefore, it should only pay the difference in interest Mr T lost out on because of the delay.

From my own calculations I agree that £11,404.69 calculated at 4% for 8 days is approximately £10 therefore I don't agree that Mr T has lost out on £574.29.

I think the £175 offer made by Skipton is fair. It has accounted for the lost interest of approximately £10 plus an additional £165 to reflect the shortfalls in service by not allowing Mr T to make his transfer electronically and providing incorrect timescales.

To conclude, I agree Skipton made an error when dealing with Mr T's request, but I think the offer made to resolve his complaint is fair and reasonable.

My final decision

My final decision is that I think the £175 offered by Skipton Building Society in its final response, acknowledges the inconvenience experienced and this is the amount it now needs to pay, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 21 May 2026.

Jessica Lees
Ombudsman