

complaint

Mrs Q complains, through her son Mr F, about an ISA transfer from Barclays Bank PLC to a third party building society that did not take place as intended.

background

In March 2010, Mr F completed an ISA transfer form requesting the transfer of his mother's ISA to the building society. The intention was for the money from the ISA transfer to be combined with some other money and invested in a high-interest bearing five-year ISA. Mr F had expected the transfer to go through without a problem but, in October 2012, realised the money had not arrived at the building society.

Mrs Q is unhappy that she has lost interest on her money that remained at Barclays. She wants to know what went wrong with her transfer and seeks compensation for delays and lost interest. Barclays offered to place the money in an ISA and backdate the interest to 2 March 2010. However, the interest rate is very low and this offer was not acceptable to Mrs Q.

Our adjudicator did not recommend that this complaint should be upheld. He concluded that there was no evidence that the responsibility for the failed transfer lay with Barclays. Mrs Q disagrees and wants to know why Barclays has not kept adequate records.

I reached the provisional finding that Barclays had failed to provide adequate customer service to Mrs Q in closing her account. I did not consider Barclays to have been at fault in relation to the failed transfer, however. Nor did I consider that it should have kept records of the transfer request.

In response to my provisional decision, Mrs Q, through her son Mr F, says Barclays failed to comply with best practice guidelines, and while these are not prescriptive, also failed to explain its alternate procedures in relation to retaining transfer request forms for two years. She also says that expecting her or her son to follow up with the ISA providers to check the transfer had occurred was not feasible or reasonable given her age and the fact that a general letter had been received from the third party ISA provider saying it had requested the monies from the other providers. Finally, she says that in reopening her account and placing her money in an ISA paying only 0.56% interest was anything but fair and reasonable. She says she has made inquiries with the third party provider but it has told her she cannot make a claim against it for the lost monies as it never received an ISA transfer request from her.

Barclays also disagrees with my provisional decision and says that it only took a month to close Mrs Q's account. It says it was not responsible for the fact that it took Mrs Q two years to discover the transfer did not take place.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I reiterate that I have sympathy for Mrs Q who has lost the benefit and peace of mind associated with her transfer to a new high-interest paying ISA account. I accept that she has been inconvenienced and suffered financial loss as a result of her money not being

transferred as requested in 2010. I note that her distress and frustration is compounded by the fact that her money has earned very little interest in the intervening period. In addition, she is distressed to learn that the third party to which she intended to transfer the money says she has no claim against it.

I note that in response to Mrs Q's request for the transfer of her money to a new ISA, Barclays issued a cheque to the building society and closed Mrs Q's ISA. Mrs Q received a closing ISA statement from Barclays confirming the balance of the account had been debited on 2 March 2010 and the account closed on 6 April 2010. Barclays has since confirmed the cheque issued to the building society was never presented.

As a result of Mrs Q's complaint the money has been placed in a new Barclays ISA and interest backdated to 2 March 2010. Barclays has been unable to provide a copy of the cheque it says it sent or the transfer form. It also says it does not monitor the suspense account from which the transfer should have been made.

On the evidence, and in light of what Barclays has said about how it processes ISA transfers, I am satisfied on balance that Barclays sent a cheque to the building society. I am satisfied that a request from the building society more than likely precipitated the sending of the cheque. After debiting the account in accordance with the request from the new ISA provider, Barclays closed Mrs Q's account. I note that it did the same for Mrs Q's husband. In fact it was due to the fact that their investments were no longer identical that Mrs Q's son discovered the discrepancy that led to this complaint. I initially considered it somewhat surprising that during this time none of the parties noticed that the new ISA had not been set up. But I am satisfied that in all the circumstances it would not fair or reasonable to hold Mrs Q responsible for this given her age and her reasonable expectation that her transfer request would be actioned.

However, as I said in my provisional decision, I do consider it surprising that Barclays was unaware the cheque had not been presented. In all the circumstances I am unable to find Barclays responsible for the money not being deposited into the new ISA at the building society. I do not consider it is possible, given the available evidence, to conclude what actually happened to result in the cheque never being presented. However, I consider it more than likely that the money never left Barclays.

HMRC has published best practice guidance published about cash ISA transfers and the suggested timeframes in which transfers should occur. In light of this, I consider that in closing the account a month after the cheque was sent, yet before and without the cheque being presented, Barclays could have provided better customer service. As a result, I consider Barclays was responsible, at least in part, for leading Mrs Q to believe her new ISA had been set up at the building society. I note Barclays has explained it does not reconcile its suspense account in a way that would ensure such situations did not arise. I am unable to find Barclays is at fault in the management of its suspense account as the Financial Ombudsman Service is not a regulator.

However, I note Mrs Q says Barclays has failed her by not keeping better records. I also note she has referred to best practice guidelines that suggest banks should keep transfer request records for up to two years. While I accept this view, I do not consider this is something upon which I can conclude as the time for which banks keep records is not something the Financial Ombudsman Service would normally interfere with. However, I do consider the guidelines to be persuasive. On balance I am satisfied that not keeping records

contributed to the fact Mrs Q was unaware that her money had not been transferred but somehow lost, in this case.

I therefore consider that while Barclays is not at fault in its procedures and the handling of the transfer, the fact remains that Mrs Q's monies remained in Barclays' suspense account for several months until Mrs Q discovered the money was never transferred.

I do not find Barclays to be responsible for the fact the money was not transferred. But I consider that in closing Mrs Q's account, and in not ensuring the money was transferred to the intended third party ISA provider, Barclays failed to provide particularly diligent customer service.

I note that in response to Mrs Q's complaint, Barclays deposited her previous balance in a new ISA and backdated the interest to 2 March 2010. Mrs Q considers the interest she earned on this to be derisory. In all the circumstances, I agree. I consider that the fair and reasonable result would have been for Barclays to have offered to deposit her money in an ISA paying an interest rate closer to that which she would have enjoyed had the failed transfer taken place.

Given the disappointing service it provided and the low interest Mrs Q received as a result of her ISA transfer not taking place, I consider that compensation for Mrs Q's distress and inconvenience is also warranted. I should point out that compensation awards made by the Financial Ombudsman Service are generally modest.

my final decision

My decision is that I uphold this complaint in part and order Barclays Bank PLC to pay Mrs Q £300 compensation for her distress and inconvenience.

Zoe Copley
ombudsman