

complaint

Mr S complains that The Royal Bank of Scotland Plc ("RBS") took interest from his Individual Savings Account ("ISA") when he transferred it to another bank.

background

Mr S opened an ISA with RBS in April 2012. It was a fixed rate ISA for a period of three years. In May 2015 Mr S transferred the money to a new ISA at a different bank. RBS completed the transfer but took, from the balance, an early closure charge equal to 270 days gross interest. Mr S queried this by phone and lodged a complaint. RBS told Mr S the money was deducted in line with the terms and conditions on the account as it was closed before the ISA's set maturity date.

Mr S didn't think the interest deduction as fair so complained to us. He told us he didn't realise there was a set maturity date and the bank should have told him this when he asked about how to transfer the ISA. He also felt the transfer procedure had been mishandled and the bank should have checked with him before transferring the account before it matured. RBS sent us the terms of the account and said they'd acted within them as the account was closed before its set maturity date in July 2015.

Our adjudicator felt that RBS had done nothing wrong in deducting the interest as the penalty was set out in the terms and conditions given to Mr S when he opened the ISA, as was the set maturity date. Mr S disagrees so the case has come to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can understand this is important to Mr S. When he transferred the ISA he lost a sum of money on savings he'd worked hard to earn and it was part of his pension planning. So, I appreciate this loss was significant for him. Mr S thought the ISA had come to the end of its fixed term when he asked for the transfer, so the current situation must be frustrating for him. But I agree with the adjudicator. I can't fairly and reasonably say RBS have done anything wrong.

RBS had to make sure Mr S had information that was clear fair and not misleading before he opened the ISA. I think RBS probably did that. The information sheet about Mr S's ISA - which I think it's likely was given to him when the account was opened - gave the maturity date and explained 270 days gross interest would be lost if the account was closed early. It was Mr S's responsibility to make sure he operated the account within these terms.

Mr S tells us he spoke with staff at one of RBS's branches before he completed the new bank's ISA transfer form. He says he asked about the correct procedure for closing the ISA and wasn't told his account had yet to mature or that he'd lose some of his interest if he closed the ISA early. He thinks that was misleading.

There's no record of that discussion so I can't know exactly what was said. I can't know, for example, what questions Mr S asked and that's important here. RBS would probably have had lots of different types of ISA account running at the same time as Mr S's and not all of

them would have been for fixed terms and carried early closure penalties. The bank might have thought Mr S just needed general information about how to transfer. So it might have just told him the general process, which is to ask for a transfer form from whichever bank Mr S wanted to transfer to the ISA to. I don't think the bank would have deliberately misled Mr S. And it seems unlikely they wouldn't have told him about the ISA's maturity date if it had been looking at his account specifically or if he'd asked about the maturity date. I've also kept in mind that, as I've already said, the paperwork Mr S was probably given when he opened the ISA explained about the maturity date and early closure penalty.

Mr S feels RBS should have checked that he wanted to go ahead with the transfer. He thinks the anomaly between his ticked response that no notice was required and the actual position – the ISA hadn't matured - should've been brought to his attention. I haven't seen this form but I accept it probably contained the options Mr S mentions because ISA transfer forms are fairly standard. This option is often included because some accounts require notice to be given before withdrawing, but this one didn't so the option Mr S says he ticked didn't contradict anything. And customers sometimes will decide to withdraw or transfer money before an account has matured even though this means they'll lose interest. So, in this case, I don't think RBS should have checked the transfer request with Mr S before processing it.

I appreciate Mr S doesn't think the bank told him quickly enough why the interest had been deducted. But I think the bank responded to his initial complaint within a reasonable time. It seems to me this situation has arisen because of an unfortunate mistake in understanding the accounts terms and conditions and the ISA's set maturity date, not because of anything RBS have done wrong.

RBS has applied the account terms strictly but as I don't think they've done anything wrong I can't fairly tell the bank to give Mr S the interest back.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 November 2015.

Annabel O'Sullivan
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