

## **complaint**

Ms B complains that National Westminster Bank Plc failed to apply a payment to her ISA and then made a mistake by transferring money between her accounts.

## **background**

Ms B sent a payment of £6,000 from an account held with another bank, for credit to her NatWest ISA. She had not made any payments into her ISA for some years and so NatWest had blocked it.

Because of that, NatWest instead put the money into Ms B's Instant Savers account on the next business day. Ms B says that, when she went to NatWest to find out where her money had gone, it initially told her to go back to the bank that she had sent the money from. She says NatWest then made a transfer of £5,000 from her ISA to her Instant Savers account.

Ms B withdrew money from her Instant Savers account, which included the £5,000 that had been transferred from her ISA. She later discovered that the transfer from her ISA had created an overdraft on it of £4966, as there had not been any funds in the ISA to cover the transfer. Ms B considers that this situation was created by NatWest making mistakes.

NatWest said that it did not make the transfer between the ISA and the savings account, and that this was done by Ms B. It accepts that the transfer should not have been possible, as the ISA was blocked at the time. However, it says Ms B is still liable to repay the debt on the ISA as she has had that money.

As things were not settled, Ms B brought her complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator was satisfied that NatWest had made a significant error in allowing the transfer from the ISA – whether it was made by NatWest or by Ms B. The adjudicator was also satisfied that this resulted in Ms B receiving default letters, which caused her confusion and upset.

However, the adjudicator also noted that Ms B had drawn the money out of her Instant Savers account and was not persuaded that she should have the money twice. The adjudicator recommended that the fair way to put things right was for NatWest to allow Ms B to repay the amount of the transfer interest-free and to pay her £150 in respect of upset and trouble caused.

NatWest said it was willing to provide the settlement recommended by the adjudicator. Ms B remained unhappy and said, in summary:

- There is still some uncertainty about where her money is.
- The recommended compensation is not enough; NatWest employees in the branch insulted her and accused her of fraud. This was embarrassing as other people were in the branch.
- She explained to NatWest that she had not spent the money fraudulently, but was not believed. This has affected her mental health.

## **my findings**

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

Because Ms B's ISA had been blocked, NatWest should not have allowed the transfer of £5,000 that was made out of it. It has not been possible to establish exactly how this transfer came to be actioned, but that does not affect the outcome of the complaint.

The upshot of the various transactions was that Ms B came to have £5,000 more in her Instant Savers account than she should have – because the £5,000 transfer from the ISA should not have been made and there was no money to cover it.

Ms B then appears to have gone to another branch and withdrawn £9,500 in cash from her Instant Saver, which meant there was no money left to repay the overdrawn balance that was created on the ISA by the transfer.

I do not accept that there is any remaining uncertainty about where the various payments went. The adjudicator has obtained evidence about what happened and has explained all the transactions to Ms B.

Ms B and the relevant NatWest employee have each provided their respective recollections of what happened in the branch. After consideration, whilst I accept that Ms B was very agitated about what had happened I am not persuaded that she was mistreated in the branch.

Looking at everything that happened, I do not consider that Ms B should be released from liability for the overdrawn balance that was created on her ISA. But I think it is fair that she should be allowed to repay it interest-free and that she should receive some compensation for trouble and upset.

In all the circumstances, I find that the settlement recommended by the adjudicator is fair and proportionate. As Ms B has said that she cannot afford to repay the debt outright, she and NatWest will need to agree an appropriate repayment plan.

### **my final decision**

My final decision is that I direct National Westminster Bank Plc to allow Ms B to repay the debt created by the transfer from the ISA interest-free, and pay her £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 11 April 2016.

Jane Hingston  
**ombudsman**