

## **The complaint**

Mrs H is unhappy that Charter Court Financial Service Limited, trading as Charter Savings Bank ("CSB"), allocated a deposit she made to her ISA to the wrong tax year.

## **What happened**

Mrs H made a deposit of £17,000 to CSB on 3 April 2023 – two days before the end of the 2022/2023 tax year – to use her available ISA allowance for that tax year. But CSB didn't allocate the £17,000 to Mrs H's ISA until 7 April 2023, which meant it counted against the 2023/2024 tax year's allocation. Mrs H wasn't happy about this, so she raised a complaint.

CSB responded to Mrs H and explained that her ISA had become inactive as per ISA rules because she hadn't contributed to it during the prior tax year. This meant CSB needed Mrs H to agree to a new ISA declaration before they could allocate the £17,000 Mrs H had sent to them to her ISA. But because CSB were able to obtain a new ISA declaration from Mrs H on 7 April 2023, they were only able to allocate the money to Mrs H's ISA on that same date. Mrs H wasn't satisfied with CSB's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that CSB had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mrs H remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

## **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.

ISAs are a regulated product with specific rules that all ISA providers must adhere to. One of these rules is that if no contributions are received to an ISA within a tax year, that ISA becomes inactive. And another rule is that if a person wants to contribute to an ISA which has become inactive, they must provide a new ISA declaration to their ISA provider before that provider can accept any contributions to that ISA.

In this instance, Mrs H's ISA had become inactive. Because of this, CSB were obliged to require a new ISA declaration from Mrs H before they could allocate the £17,000 that she sent them to her ISA. And because Mrs H deposited her money with CSB so close to the end of the 2022/2023 tax year, CSB weren't able to obtain the required ISA declaration from her until that tax year had ended.

CSB have said that they would have liked to have been able to contact Mrs H before the end of the 2022/2023 tax year so that the £17,000 could have been considered as part of her ISA allocation for that tax year – as Mrs H intended. But they've also explained that the end of the tax year is one of their busiest times and so were unfortunately unable to do so. And CSB's explanation in this regard seems reasonable to me.

Mrs H did send a secure message to CSB on 4 April 2023 – the day after she transferred the money to them and a day before the end of the tax year – asking when the money would be

credited to her ISA. But CSB's timescale for responding to secure messages is two working days. And while CSB didn't meet this two-day timescale in this instance, only calling Mrs H after three days on 7 April, if they had responded to Mrs H's secure message after two days, this still would have been after the end of the 2022/2023 tax year.

Ultimately, as the ISA account holder, it was Mrs H's responsibility to have understood that her ISA had become inactive such that a new ISA declaration was required. And while I appreciate that this might not have been something that Mrs H was aware of, it was a consequence of ISA rules and was explained in the product literature which Mrs H had been presented with when she opened the account.

And while it's unfortunate that CSB weren't able to obtain a new ISA declaration from Mrs H because she transferred the £17,000 to them so close to the end of the tax year, I don't feel that this can fairly be considered as being CSB's fault. This is not only because the end of the tax year is an understandably busy time for CSB. But because I feel Mrs H could have done several things differently which would have mitigated against what happened here.

These include that Mrs H could have transferred the £17,000 to CSB sooner, thus allowing more time for any complications to be resolved before the tax year ended. And I also feel that if Mrs H was concerned about the allocation of her money, she reasonably should have contacted CSB by telephone, rather than by secure message, at which time the status of her ISA could have been explained and a new ISA declaration obtained from her.

I acknowledge that what happened here was unfortunate for Mrs H. But for the reasons outlined above, I don't feel that what happened was unfair, and so I won't be upholding this complaint. I realise this won't be the outcome Mrs H was wanting. But I hope that she'll understand, given what I've explained, why I've made the final decision that I have.

It's my understanding that CSB have made an offer of compensation to Mrs H for their not being able to obtain a new ISA declaration from her before the end of the tax year. I leave it to Mrs H to decide whether she will accept this offer. But I won't be issuing any corresponding or further instructions to CSB, given that I find this complaint in their favour.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 16 January 2024.

Paul Cooper  
**Ombudsman**