

The complaint

Ms S complains the maturity form Coventry Building Society (Coventry) provided for her maturing Individual Savings Account (ISA) was unclear and led to her losing her savings tax-free status.

What happened

Ms S says in early November 2022 she received a letter and accompanying maturity instructions form relating to her maturing ISA with Coventry, due to mature at the end of that month. Ms S says she completed the form with the specific intention to transfer part of the maturing ISA to another provider which she had opened previously in readiness and reinvest a small amount with Coventry. Ms S says at the end of December 2022 she checked her ISA account with her new provider to discover the £58,000 transfer had been rejected.

Ms S says she contacted her new provider who told her the payment had been rejected and there was nothing further it could do, so she then contacted Coventry who informed her the maturity form had been completed incorrectly. Ms S says she carefully read the maturity form which she feels is misleading as this doesn't fully cover the circumstances when an investor wishes to split the maturing funds and Coventry have also indicated the form can be misinterpreted. Ms S says Coventry have refused to reinstate her ISA status as it has told her a covering letter makes it clear she would have needed to contact the new provider to transfer the funds.

Ms S feels it's unfair that Coventry's misleading maturity instruction form has led to her losing her ISA tax free status and wants it to reinstate her ISA status and compensate her for the loss of interest she has suffered while dealing with her complaint.

Coventry says it has made no error as the maturity instructions Ms S was sent, was incorrectly completed by her and it had sent an accompanying letter making it clear to her what was required if she wanted to transfer her money to another provider. Coventry says under HMRC regulations it is unable to return the funds to an ISA status unless it has made a mistake which it didn't feel it had but paid Ms S £25 as a gesture of goodwill.

Ms S wasn't happy with Coventry's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt Coventry had acted in line with Ms S's instructions and it had provided her with a covering letter which made clear that if she wanted to pay funds to another ISA provider, that provider was responsible for making the transfer on her behalf. The investigator says Coventry hadn't done anything wrong, and it had followed Ms S's instructions.

Ms S didn't agree with the investigator's view and asked for the matter to be referred 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would be upsetting for Ms S to discover, because she had misinterpreted Coventry's ISA maturity instruction form, she had lost her ISA tax free status.

When looking at this complaint I will consider if Coventry gave Ms S sufficient information on what was required of her when her ISA matured in November 2022.

Both parties have provided this service with details of the course of events here and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything – I have.

The course of events here are well known to both parties so I don't intend to repeat what's already been said other than to say Ms S feels Coventry's ISA maturity form is misleading and this is the sole reason behind why she has lost her tax-free status on those savings.

While I understand the points Ms S makes here, I'm not fully persuaded by her argument. I say this because I have seen the maturity form and covering letter Coventry sent Ms S in early November 2022. What's important to say here is under HMRC's regulations any transfers from one ISA provider to another, requires the recipient of those funds to initiate the transfer, in order to maintain the tax-free status on those funds. In the covering letter sent to Ms S alongside the maturity form it says:

"If you'd like to transfer money to an ISA with another provider, you'll need to contact your new provider and they'll arrange the transfer on your behalf. If you don't ask them to make an 'ISA transfer', your money will lose its tax -free status."

It's also worth saying the form Ms S completed also indicates under section 4, if you want to transfer funds to another provider you don't need to complete this form and you'd need to contact your ISA provider to arrange this. So here if Ms S was unsure about her individual circumstances, as she only wanted part of her maturing ISA reinvested with Coventry, that was the time to query this with them. Afterall, in the declaration Ms S signed on the maturity form it does state *"If you do not understand any point please ask for further information."*

It's worth saying the reason why Coventry's maturity form doesn't give an option to transfer maturing ISA funds to a new ISA provider, is due the fact under HMRC regulations that's not something it can do – that needs to be initiated by the new provider. I am satisfied that is why Coventry sent an accompanying letter at the same time explaining this, to cover all eventualities.

I have listened to a phone call Ms S had with Coventry at the end of December 2022, and in that call Ms S says she didn't realise she had to instruct her new provider to arrange the transfer of funds, even though she had since checked, and confirmed that this is detailed on the new provider's website. Ms S also says this was a genuine mistake on her part and had misunderstood the form Coventry had sent. In that call Coventry's agent informed Ms S under HMRC regulations, as it hadn't made an error it was unable to reinstate the tax-free status. During that call there's no evidence to say that Coventry's agent agreed with Ms S that the maturity form was unclear, as Ms S suggests.

While I have some sympathy with Ms S here as this was clearly a genuine oversight on her part, I can't say Coventry have made a mistake, for the reasons I have already given and so I can't tell it to reinstate Ms S's tax-free status. So, with that in mind it's reasonable to say it was Ms S's responsibility to read all of the correspondence Coventry sent regarding the maturity of her ISA and if she was at all unsure, she should have contacted Coventry before completing the form.

While Ms S will be disappointed with my decision, I won't be asking anymore of Coventry here.

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 Ms S to accept or reject my decision before 23 October 2023.

Barry White
Ombudsman