

The complaint

Mr L complains that Shawbrook Bank Limited refused his request to transfer funds into his Individual Savings Account (ISA). He also complained about poor customer service.

What happened

On 15 June 2023 Mr L sent Shawbrook a request for a partial ISA transfer from his existing ISA with another provider I shall call C, to his existing Shawbrook ISA. He said Shawbrook didn't accept his request stating this isn't permitted as he's no longer resident in the UK.

Mr L said he's aware he's not allowed to put money into his ISA but thought he could move funds between existing ISAs. He said HM Revenue & Customs (HMRC) allows an ISA holder to; 'transfer an ISA to another provider even if you are not resident in the UK'. He said that to say this is not possible would be in contradiction.

Mr L said Shawbrook told him on a call about a previous complaint that he could make a partial transfer of £22,000 from his existing Shawbrook ISA to his ISA with C. He said he is not currently resident in the UK, but will be in future and is a British citizen. Mr L complained to Shawbrook and said he'd been discriminated against and spoken to rudely on a call.

In its response Shawbrook apologised for closing Mr L's complaint prematurely. It confirmed its call that as Mr L is no longer a UK resident, the only options for his savings would be to close his account and transfer out to a new provider. Shawbrook said it hadn't located Mr L's call of 12 April 2023 which he had complained about, but it apologised for his experience. In respect of the call and premature complaint closure it paid him £60 compensation.

Mr L did not accept Shawbrook's resolution of his complaint and referred it to our service. He said he wasted a lot of time and money calling and writing to Shawbrook from abroad, and there were many broken promises of a call back. He wants Shawbrook to allow him to transfer funds in and out of his ISAs, since he's not making deposits but transferring funds already in ISA accounts. And he requested compensation for his wasted time and money.

Our investigator didn't recommend that the complaint be upheld. He said he appreciated that Mr L was looking to transfer funds from one ISA provider to another, which HMRC advice said he can do, but he would be transferring additional funds into his Shawbrook ISA, which the advice said he could not do. He said Shawbrook had acted fairly as it's quite specific that as a non-UK resident, Mr L is unable to make changes to his account.

The investigator listened to calls between Mr L and Shawbrook, but hadn't found that anyone he had spoken to was rude or abrupt. He had not reached the view that Shawbrook had discriminated against Mr L as it had treated him no differently than others in his situation and had applied the terms and conditions of the account.

Mr L wasn't satisfied with this outcome and requested an ombudsman review his complaint. He said Shawbrook declined his transfer despite saying on a call he could move funds from Shawbrook to C. He said he wasn't trying to move additional funds to his Shawbrook ISA as it's not permitted by HMRC. Mr L asked by which rules his transfer wasn't possible. Mr L suggested the investigator also listen to calls with Shawbrook from when he submitted his complaint to when his funds were transferred to C. The investigator maintained his view that the complaint should not be upheld, and it has been referred to me 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.

Mr L complains about the restrictions Shawbrook has placed on his transfer requests between ISA products and the loss of interest and inconvenience this has caused him. Mr L said he wasn't adding new funds to his ISA, but moving funds between existing ISAs. Mr L said that guidance from HMRC says he's allowed to transfer funds to his Shawbrook ISA regardless of his residency status.

I have looked carefully at Mr L's requests and Shawbrook's response to see if it has acted within its terms and conditions and the rules, and to see if it has treated him fairly.

Mr L requested to change his existing Shawbrook ISA by transferring funds to it from a separate ISA. I have looked at Shawbrook's terms and conditions, which state (at Section 11.7) the reasons why it declined this request; 'If You hold a Cash ISA account and become a non-UK resident, You will not be able to make additional deposits into Your Cash ISA.'

Mr L asks where it states that he cannot change product, as he had explained to Shawbrook his wish to switch his ISA to its other products with better interest rates. Mr L acknowledges that HMRC doesn't permit the transfer of additional funds into his Shawbrook ISA, and this isn't what he was attempting. Mr L asks by which rules his transfer wasn't possible.

The government's guidance on ISAs held by owners who move abroad states; 'If you move abroad - If you open an ISA in the UK then move abroad, you cannot put money into it after the tax year that you move...'. I can see from Mr L's statements that his ISA was opened prior to the tax year he was looking to transfer money into it and so I'm satisfied this guidance applies.

My understanding is that moving funds into his Shawbrook ISA would be treated similarly to the transfer of additional deposits caught by Shawbrook's rule (as above).

I haven't had access to the call on Mr L's previous complaint to which he refers, but I've no reason to doubt his recollection. This concerns advice from Shawbrook that he could transfer funds from Shawbrook to another ISA provider. So far as Shawbrook was concerned this wouldn't be putting money into the Shawbrook ISA 'after the tax year that you move'.

From the guidance and terms that I have seen, I agree with the investigator and Shawbrook that Mr L's request to Shawbrook wasn't possible as it did not meet the rules put in place with regard to his situation. I don't think Shawbrook has discriminated against Mr L in respect of where he is living as it has acted in accordance with other investors who have moved their residences away from the UK.

In conclusion, I'm satisfied Shawbrook's decision to decline Mr L's transfer request is in line with its terms and conditions, as well as the government's guidance. I can see that Shawbrook set out other options open to Mr L in its letter in relation to his ISA, which seem reasonable. In essence these mean that in order to obtain a better rate of interest, he would need to open a new account.

Having considered the evidence put forward about Shawbrook's poor service I have reached the conclusion that this is fairly addressed by Shawbrook's payment of £60 compensation. This was in respect of its premature closure of Mr L's complaint and his reaction to its adviser during a call.

I agree with the investigator that there isn't anything to suggest that Shawbrook's adviser was rude or abrupt towards Mr L. And so while I sympathise with Mr L for the time and inconvenience he has been put to in dealing with this matter, I haven't found reason to uphold his complaint and I don't think it would be fair to require Shawbrook to pay him further compensation.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 13 June 2024.

Andrew Fraser
Ombudsman