

The complaint

Miss T is unhappy with the service she's received from Tesco Personal Finance PLC surrounding a request to close her Junior ISA ("JISA").

Miss T's complaint is brought to this service by her authorised representative, whom I'll refer to as 'Miss K'.

What happened

Miss K is the mother of Miss T. Miss K opened a JISA for Miss T with Tesco and deposited money into it. However, in February 2023, Miss K contacted Tesco and asked for the JISA to be closed as it had been opened illegitimately, because Miss T had already held an existing Child Trust Fund ("CTF") with another provider when the JISA had been opened.

Tesco said that because Miss K had applied for the JISA online, without any input from Tesco, and had stated in the application that Miss T didn't have an existing CTF at that time, that they didn't make an error by opening the JISA as per the application request. Tesco also said that for them to close the JISA as Miss K wanted, they would need to receive a direct request from HMRC for them to do so. Miss K wasn't satisfied with Tesco's response, so she referred Miss T's complaint to this service.

One of our investigators looked at this complaint. They noted that Miss K had forwarded Tesco a letter she'd received from HMRC which clearly explained that Tesco should close the JISA. Because of this, they recommended that this complaint be upheld, and that Tesco should close the JISA and release the funds therein to Miss T and that Tesco should also pay £350 compensation to Miss T for the trouble and upset that had been incurred.

In response, Tesco acknowledged that they should have closed the JISA and released the funds upon receipt of the letter from HMRC. But they felt the £350 compensation recommended by our investigator was too much. 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.

Miss K first informed Tesco that the JISA had been opened illegitimately – because Miss T already held an existing CTF – in February 2023. And Miss T forwarded a letter from HMRC to Tesco – in which HMRC confirmed that Tesco should close the JISA and release the funds held therein to Miss T – in June 2023.

But Tesco shouldn't have had to wait for the letter that was forwarded to them from HMRC in June 2023 to have been aware that the JISA should be closed. And this is because Tesco, as a JISA provider, should have been aware of the information detailed in that letter before it was received. Specifically, Tesco should have been aware, having been told in February 2023 that Miss T already held a CTF when the JISA was applied for, that the JISA was in

fact illegitimate and that immediate action was required from Tesco.

Tesco may argue that they didn't act unfairly by opening the JISA because of the incorrect information submitted to them in the JISA application by Miss K. Specifically, that Miss T didn't hold an existing CTF, when in fact she did.

I'm in agreement with Tesco on this point. But the question of whether they should have opened the JISA isn't the point of this complaint. Rather, it's the question of how Tesco should have acted having been informed that, contrary to what they had been told in the application, Miss T did in fact hold an existing CTF when the JISA was applied for. And to reiterate, Tesco were first told this in February 2023.

Ultimately, I'm satisfied that when Tesco were informed by Miss K that Miss T held an existing CTF of that information, as per Government guidelines. The relevant guideline in this instance being as follows for the www.gov.uk website:

JISA opened by a parent who later informs the manager that the child is eligible for a CTF

This could mean that the child already has a CTF or has become entitled to one ... The manager needs to have this confirmed in writing for their records. They can then remove the JISA wrapper from the account.

It isn't necessary for a JISA provider to obtain approval from HMRC before taking repairing action such as that described above. And again, this should have been understood by Tesco at the point when Miss K first informed them that Miss T had already held a CTF, which took place in February 2023.

So, what should have happened here is that, in February 2023, when Miss K first informed Tesco that Miss T held a CTF, such that the JISA was illegitimate, Tesco should have ensured that this was confirmed in writing – which it was by Miss T – and then removed the JISA wrapper from the account, allowing the money held in the illegitimate JISA to be transferred to another account in Miss T's name. And accordingly, I'll be upholding this complaint in Miss T's favour and instructing Tesco to take this action immediately.

I'll also be instructing Tesco to pay £350 compensation to Miss T for the inconvenience, trouble, and upset that their unfairly and unnecessarily prolonging this matter has caused. Tesco believe that £350 is too large an amount of compensation in this instance. But given that the action described above should have been undertaken by Tesco in February 2023, and that it is now January 2024 – nearly a year later – I feel that £350 is a fair and appropriate compensation amount in this instance.

Putting things right

Tesco must remove the JISA wrapper from the account in question and allow the money held therein to be transferred to another account in Miss T's name.

Tesco must also make a payment of £350 to Miss T, to an account of her choosing.

My final decision

My final decision is that I uphold this complaint against Tesco Personal Finance PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or

reject my decision before 5 February 2024.

Paul Cooper
Ombudsman