

## **The complaint**

Mrs P complains that Punjab National Bank (International) Limited (PNB), delayed in transferring her two ISAs and that it failed to pay her any interest on them.

## **What happened**

Mrs P decided that she wanted to transfer her two ISAs with PNB to another bank. She signed the application making the request for both ISAs on 18 June 2022. For ISA No 1, PNB said it received the request to transfer on 4 July 2022 and the transfer was completed on 13 July 2022. For ISA No 2, PNB said it didn't receive the request until 29 July 2022 and the account was closed on 4 August 2022. In both cases it sent a cheque for the funds to the new bank. Mrs P believes that PNB was responsible for the delays in paying out in respect of both ISAs.

In respect of both ISAs, PNB confirmed that there was no interest to be paid. This was because there was a penalty for early withdrawal. The interest rate on both ISAs was 0.5% and the penalty for early withdrawal was 1% below the rate for the ISAs. So this resulted in no payment of interest being made due to the early withdrawal.

Mrs P accepted that there was a penalty for early withdrawal but she believed that not paying interest was an unfair contract term and not within the spirit of the access normally employed for such accounts.

On referral to the Financial Ombudsman Service, our Investigator couldn't find that there was any delay on PNB's part. He felt that it had acted within the terms and conditions of both ISAs in applying the penalty interest.

Mrs P did not agree and requested an Ombudsman's decision. The matter has been passed to me for further consideration.

## **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.

In respect of the delays in dealing with both ISAs, I accept Mrs P's evidence that she completed the application with the new bank for both to be transferred on or about 18 June 2022. As to whether PNB was responsible for delays, I think it reasonable to accept its records which consist of its ledgers recording inbound post and the recorded delivery receipts. These show that for ISA No 1, it received the request to transfer on 4 July 2022 and completed the transfer by 13 July. They also show that for ISA No 2, it received the request on 29 July 2022 and completed the transfer by 4 August 2022. The new bank has, as I understand it, denied that it was responsible for the delays. I can't explain why PNB received the requests on different dates, or why they were received so long after Mrs P signed the necessary applications, unless it was due to postal delays. But as I say from the documentary evidence it doesn't appear that PNB was responsible for any delay.

Mrs P has queried why the transfer could not be made directly and why PNB issued cheques for the funds. This hasn't been put to PNB but generally how it decided to complete the transfer was a matter for it, and issuing cheques was not, in my view, unreasonable.

As regards the interest rates, Mrs P would have agreed the terms and conditions when she set up both ISAs and would have been advised of the interest rates. Whilst it was a low interest rate, I think that is reflective of when she took out the ISAs (in April and May 2021), when interest rates were low. These were fixed rate ISAs and it was only more recently that interest rates have increased. I don't think the interest rate it applied was unfair and it was a commercial decision by PNB. If Mrs P was unhappy with that rate, she did not have to invest with PNB and there is plenty of choice on the market.

As for a penalty rate for early withdrawal again Mrs P would have been aware of this when she took out the ISAs, and I don't think that applying a penalty rate of 1% below the actual rate applicable to the ISA was unfair. Though I appreciate that it does feel unfair because of the low interest rate when she took out the ISAs. And while PNB could have decided not to apply the early penalty charge in respect of both ISAs, I haven't seen any particular reasons relating to Mrs P's circumstances put forward as to why it should have considered doing that.

So overall I am satisfied that PNB didn't delay in transferring the funds for Mrs P's ISAs and that it acted fairly in applying the penalty interest rate.

### **My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 5 December 2023.

Ray Lawley  
**Ombudsman**