

The complaint

Mr O complains that Barclays Bank UK PLC (“Barclays”) didn’t carry out his ISA transfer correctly, causing him inconvenience and meaning he received a lower rate of interest on the transferred funds.

What happened

Mr O instigated two transfers from his Barclays investment account in early 2023 – “Transfer One” in January and “Transfer Two” in February. In both transfer requests, he instructed Barclays to send the funds to his existing Barclays cash ISA. He says this was so that they would be ready for onward transfer to a new account, which he opened in February.

This new account was an ISA – Issue 22, which Mr O opened on 10 February. He says his reason for opening the account was so that it could receive the funds from Transfer One and Transfer Two, as outlined above. He says the interest rate on this account was 4.1%.

Transfer Two completed successfully and Mr O moved the funds across to the Issue 22 account shortly afterwards. But there were problems with Transfer One and that is the subject of this complaint. The cash amount which Mr O asked Barclays to transfer under Transfer One was £7,000. But Barclays made an error when processing the transfer and requested £70,000 instead. This meant the transfer was rejected and Mr O had to initiate another transfer request. The transfer was eventually completed on 7 June.

Barclays accepts responsibility for the mistake with Transfer One. It accepts that its service was poor and caused delays. It has acknowledged that Mr O had to make several calls to chase things up, which added to the impact on him, particularly as its call waiting times were longer than expected. Barclays has also acknowledged that it took too long to respond to Mr O’s complaint. Barclays upheld the complaint and paid Mr O £200 as an apology for the overall poor service he’d received.

Barclays also accepted that Mr O had lost out on interest due to the delay in completing Transfer One. It said his initial transfer request should have completed on 11 February. It actually completed on 7 June. Barclays calculated that Mr O would have earned interest of £75.64 during this period. It has paid this into his account.

Mr O accepted the payment of £200 for the inconvenience he’d experienced. But he didn’t agree with the interest calculation. He said he’d have earned more interest if Barclays had processed Transfer One correctly and that he’s out of pocket as a result of its mistakes.

I issued a provisional decision on 7 December indicating my intention to uphold the complaint and award Mr O some further interest. Both parties have responded, so I’m now making 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.

Both Mr O and Barclays accepted my provisional decision. So, I haven't changed my mind about the fair resolution to this complaint and I'm going to uphold it in the way I indicated previously. My reasons are set out again, below.

Barclays accepts that it was responsible for the delay in Transfer One completing. So, what I need to consider here is whether it has done enough to put things right. Barclays accepts that the problems with the transfer caused Mr O distress and inconvenience. It has paid him £200 as compensation for that, which Mr O has accepted. The only issue which remains in dispute is Mr O's loss of interest claim, so that's what my decision will focus on.

Mr O says that, because of the delay in completing Transfer One, he received a lower rate of interest on those funds than he would otherwise have received. He says he expected to earn interest at 4.1% but instead has received 3.4%. I'm satisfied that the interest rate on the Issue 22 account was 4.1% and the rate on the account which the funds were eventually paid into was 3.4%. So, there was an interest rate differential of 0.7% between the accounts.

Mr O says it was always his intention to move the transfer funds into the Issue 22 account where they would earn interest at the higher rate. He says he discussed this intention with Barclays on the phone. This was referenced (and the intention was repeated) in Mr O's original complaint letter to Barclays in February. His statement also confirms that the funds from Transfer Two were moved into the Issue 22 account on 7 March. Mr O says that, if Transfer One had completed when it should have done, he would have moved those funds straight into the Issue 22 account as well. I think he would have done.

But transfers into the Issue 22 account had to be received within 30 days of the account opening. So, the funds from Transfer One would have had to be moved into the Issue-22 account by around 10 March. Mr O says that, because Barclays didn't process Transfer One until 7 June, the funds couldn't be moved into the Issue 22 account. I'm satisfied that was the case.

Instead, the funds were paid into another account – an Issue 24 ISA which Mr O opened in April. This is the account which pays interest at 3.4%. Barclays says that Mr O opened this account himself online and would have been aware that the rate was 3.4%. So it says that Mr O isn't entitled to a higher rate of interest. Mr O doesn't dispute that he opened the Issue 24 account or that the rate was 3.4%. But he says he only opened this account because, by the time Barclays processed Transfer One, the Issue 22 account was no longer able to receive the funds. He says that Barclays asked him to open a new account to receive the funds. Mr O says this was all discussed at the time with the investment side of Barclays, who suggested he open the ISA Issue 24 account online to receive the funds. I think this is supported by the email evidence he's provided, as well as the timing of the account opening.

Mr O opened the Issue 24 account in April, but the transfer was subject to further delays and didn't complete until June. Mr O says the details of this were all known to Barclays at the time but appear to have become lost in the back and forth between the investment side of the business and the retail side. I think that's likely, from the information I've seen.

Mr O says that, but for Barclays' mistake with Transfer One, he'd have earned interest on the £7,000 at 4.1%, not 3.4%. I'm satisfied that's the case as I think Mr O would have moved the funds into the Issue 22 account where they would have earned 4.1%. If Transfer One had been processed correctly, it would have completed by 11 February. So Mr O could have been earning interest on the £7,000 at 4.1% from 11 February or very shortly afterwards.

Barclays has already paid Mr O the lost interest at 3.4% from 11 February to 7 June. But Mr

O should receive interest at 4.1% to put him in the position he'd have been in but for Barclays' mistakes.

Mr O has recently taken steps to mitigate his loss by transferring the funds to another account with a more favourable interest rate. He says that transfer took place on 14 September. Mr O has calculated the interest at 0.7% (being the difference between the 3.4% he has received and the 4.1% he would have received) for the period from 11 February to 14 September as £26.50. He says he also incurred a transfer fee of £58.68 when he moved the funds in September. I think these are losses which he wouldn't have incurred but for Barclays' mistakes in dealing with Transfer One. So I think Barclays should pay these sums to Mr O (£85.18 altogether), to put him in the position he'd have been in but for its mistakes.

My final decision

For the reasons above, I uphold this complaint. Barclays Bank UK PLC should pay £85.18 to Mr O.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 9 January 2024.

Katy Kidd
Ombudsman