

The complaint

Mr B complains that the Cooperative Bank Plc trading as Britannia failed to carry out a transfer of his ISA to another bank.

What happened

In August 2023 Mr B applied to another bank, Y, to open a new ISA. He asked Y to request the transfer of the funds in his Britannia ISA to it. He was informed by Y that his transfer had been rejected but that it didn't know the reason.

Mr B made enquiries to Co-op Bank. It explained to him that the request had been made to the wrong entity, namely Co-op Bank. Although Co-op Bank owned Britannia its systems at that time were separate and the request should have been made directly to Britannia.

Mr B was later contacted by Co-op Bank, advising that all Britannia accounts were to be migrated to Co-op Bank systems.

Co-op Bank said that Mr B needed to contact Y to ensure it sent the request to Britannia and not Co-op Bank. If he didn't do this, then the account would remain as it is and would be migrated onto Co-op Bank's systems in due course.

Mr B didn't see why he should have to contact Y as he regarded Co-op Bank and Britannia to be the same company. He said that he had called into a branch of Co-op Bank and had been given the necessary account and sort code for his ISA which Y used to make the transfer. He felt that Co-op Bank was unreasonably blocking the transfer and he hadn't consented to his account being moved onto the Co-op system. He was aware that Co-op Bank offered a lower rate of interest than Y and he expected to be compensated for any loss of interest.

On referral to the Financial Ombudsman Service, our Investigator didn't agree that Britannia/Co-Op Bank had done anything wrong, nor did she think it should be held accountable for any loss of interest.

Mr B did not agree and the matter has been passed to me for an ombudsman's 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.

I understand that when Mr B put this to Y, it said that it did not know why the transfer had been rejected. I understand that he doesn't want to raise a further complaint but ultimately it is Y's responsibility to request the transfer.

From the evidence provided by Co-op Bank, I can see that a transfer request was made to the Co-op Bank entity. Mr B would have completed an application form, and asked to name the bank that held his ISA. If he named Co-op Bank then it seems likely that the transfer

request would have been made to Co-op Bank. From the evidence I've seen, provided by Co-op Bank, at the time it was made, the request should have been addressed to Britannia. As I'm considering here only Co-op Bank's involvement, I don't know whether Y was at fault. As this is an automated process I am told that Co-op Bank's records would not have shown Mr B's ISA, which was the reason for the rejected transfer.

I appreciate that Mr B believes this is a matter for the banks to sort out, but I think, as he has been told by Co-op Bank, he needs to approach Y to ask it to send another transfer request. This is because as the transfer is a formal procedure it needs to be carried out formally to preserve the tax benefits of the ISA. It may be that because of the migration of Britannia accounts to Co-op Bank, which was supposed to be completed by the end of 2023, the correct entity to request the transfer from is now Co-op Bank.

In respect of the possible loss of interest, I don't think that Co-op Bank is liable for this but Mr B could take this up with Y. I suggest that he approaches Co-op Bank, if he still wants to carry out the transfer, to ask it to clarify exactly what information he now needs to supply to Y.

As regards the actual migration of his account, I'm satisfied that Co-op Bank gave Mr B the necessary notice. This was a commercial decision affecting all Britannia accounts so I can't interfere with that.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 February 2024.

Ray Lawley
Ombudsman