

ISA Bulletin**Number 3****27 August 2008**

The ISA Bulletin keeps ISA managers informed of any new developments relating to the ISA scheme. Please ensure the appropriate people in your organisation read it.

We suggest that you keep Bulletins at the front of your copy of the Guidance Notes for ISA Managers.

What this Bulletin contains

This Bulletin contains an article on cash ISA transfers

Enquiries on this bulletin should be addressed to

David Taylor
HM Revenue & Customs (SSO Liverpool)
Room 320

Telephone 0151 472 6156

e-mail: david.j.taylor@hmrc.gsi.gov.uk

Cash ISA transfers

Yesterday the British Bankers' Association, the Building Societies Association and the Tax Incentivised Savings Association (TISA) published new guidelines to speed up the transfer of cash ISAs between providers and to improve the efficiency of the process.

HMRC fully support the work of this cross-industry group and we will be including the guidelines and model cash ISA transfer form as an appendix to our ISA Guidance Notes.

Attached are

- Cash ISA transfer guidelines
- Model cash ISA transfer authority
- Notes to accompany the guidelines
- General background and frequently asked questions

that have been produced by the working group.

The final paragraph of the guidelines refers to an escalation route. TISA will be maintaining two web-based contact databases for **ALL** ISA managers (*not just those who are TISA members*).

Database 1 will give contact details for normal day-to-day enquiries/chases as per steps 3 or 4 of the guidelines. (*These may be the same contact details as provided at the bottom of the Client Transfer Authority form.*)

Database 2 is strictly for use only in instances where an issue needs to be escalated to a senior manager (*e.g. frequent or systemic delays etc.*)

The web address and password for each of these databases will be provided to those managers who send their own contact details to be listed on that particular database. The password will be changed on a quarterly basis and provided only to those listed on the database.

As an additional aid for companies to identify people on incoming calls, TISA will be giving a code to each ISA manager listed on each database. If the person calling can provide a code, then the recipient of the call can check the database to ensure it is correct. They can then be assured that the call is from a genuine source.

In order for the system to work on a reciprocal basis, ISA Managers need to provide the appropriate contact details for their firm for each of the databases. This will enable them to access the databases in order to identify the nominated contact at the appropriate level within another firm.

Each database will hold details of one or more names together with phone number/s and/or e-mail address/es (*depending on how those nominated want to receive enquiries*). If only phone numbers are to be included on the database, managers must still notify TISA of a contact e-mail address so that they can inform managers of the web address and password. It is also important that managers notify TISA of any changes in their contact details at the earliest opportunity so that the database remains relevant and of use to the industry as a whole.

We encourage all managers to send details of their contacts to be included in the databases to:

isatransfers@tisa.uk.com

If you have any queries about the guidelines, please contact your representative body in the first instance. If you have questions on the databases please contact TISA using the email address above.

Cash ISA Transfers¹: Guidelines August 2008

We recommend that ISA managers adopt the procedures below, devised by representatives of the industry. They are recommendations only and not prescriptive.

The process below is based on the assumption that the ISA investor approaches the new ISA Manager to effect the transfer. On the rare occasion that the investor contacts his/her existing manager, s/he should be asked to go direct to the new ISA Manager.

Process

Step	Action	Timescale: New ISA Manager	Timescale: Existing ISA Manager
1	New ISA Manager asks the investor to confirm the request to transfer by completing a Cash ISA Transfer Authority form with a wet signature unless an alternative agreement is in place between ISA managers. If opening a new ISA, the investor must also complete an ISA application, which could be either written or non-written and <u>be validated</u> by the new ISA Manager.	If the ISA investor's instruction is received through a remote location (e.g. a branch) and the Cash ISA Transfer Authority Form needs to be passed to one or more processing centres, each centre should process and pass on the form within 2 business days.	
2	New manager forwards the original Cash ISA Transfer Authority Form to the existing ISA Manager and confirms in writing to the existing ISA Manager that he/she is willing to accept the transfer (See Transfer Acceptance section on Model Form)	The processing centre should action Step 2 within 4 business days from receipt of the transfer request.	
3	Existing ISA Manager sends a Cash ISA Transfer Form ² to the new ISA Manager, accompanied by a cheque for the transfer proceeds. The transfer of funds must not be made by BACS or bulk payment by cheque unless agreement has		Subject to the investor's stipulated transfer date ³ , the maximum timeframe for actioning Step 3 should be 10 business days, subject to resolving discrepancies and or requirements directly with the ISA investor (e.g. obtaining/updating

¹ Cash to cash and cash to stocks & shares

² This is the Transfer Form (or its equivalent) as covered in HMRC Guidance 11.18

³ The investor has the right to stipulate the timescale in which the ISA should be transferred. This may take account of any applicable notice period, which may be required to avoid any interest penalty.

	<p>been reached between the ISA Managers.</p> <p>Where information supplied by the new ISA Manager and information held by the existing ISA Manager differ, the transfer should go ahead subject to the existing ISA Manager being confident of the investor's identity (this is to ensure investor protection) and is satisfied which ISA account is to be transferred.</p>		<p>old passbook/token).</p> <p>As soon as the existing ISA Manager recognises that a delay beyond 10 business days is likely to occur, it is their responsibility to notify the new ISA Manager and the ISA investor of the reasons for the delay and a likely timescale for resolution.</p> <p><i>HM Revenue & Customs rules allow the existing ISA Manager a maximum of 30 days to respond to the new ISA Manager's request and complete the transfer. The industry standard must aim to undercut this by a reasonable degree, but providers will need some flexibility due to the rate sensitivity of products. The suggested 10 days will allow most ISA managers to meet the standard, and a number to better it.</i></p>
4	Chase-up	<p>If the new ISA Manager has not heard anything from the existing ISA Manager within 14 business days after sending the cash ISA Transfer Authority Form, it is the responsibility of the new ISA Manager to check the progress.</p>	
5	Processing the transferred ISA funds	<p>The new ISA Manager should ensure that the transferred funds are credited to the ISA investor's account within five business days.</p>	

Data Security

Where large volumes of transfers arise, ISA Managers should liaise with one another to establish secure transfer channels in accordance with their obligations under the Data Protection Act.

Escalation

Industry Trade Associations will maintain a secure database containing the contact details of ISA Managers for access only by other ISA Managers, for the purpose of escalating and resolving protracted transfer issues.

MODEL CASH ISA TRANSFER AUTHORITY FORM

Information about the investor (to be completed by the ISA investor)

Title: _____ First name(s): _____ Surname: _____
Date of birth: _____ National Insurance number: _____
(If you have one)
Permanent residential address: _____
Postcode: _____
Contact Tel no (inc. area code): _____

Information about the ISA to be transferred (to be completed by the ISA investor)

Name of existing ISA Manager: _____
Address of existing ISA Manager: _____
Account number of existing ISA to be transferred: _____
1. Do you want to close your current cash ISA and transfer all the balance, including the accrued interest? Yes No
If requesting a partial transfer, please check with your existing ISA Manager that this is possible.
2. Have you subscribed to your current cash ISA in the current tax year?
Yes No
If you answered YES to Q1, please ignore Q3 & Q4
3. *If you answered YES to Q2:* Do you want to transfer current tax year subscriptions as part of this transfer? Yes No
It is important to note that under HM Revenue & Customs ISA Regulations, only whole transfers of current tax year subscriptions and interest can be accepted.
4. Please specify how much of your cash ISA you want to transfer:
If **only** current year subscription plus interest is to be transferred, tick here
OR specify £ OR _____

Transfer authority (to be completed by the ISA investor)

I authorise my existing ISA Manager (as specified above) to transfer the ISA (account number above) to [new ISA Manager]. I authorise my existing ISA Manager to provide [new ISA Manager] with any information, written or non-written, concerning the cash ISA and to accept any instructions from them relating to the cash ISA being transferred.
Where a period of notice is required for closure/part transfer of the existing cash ISA, I give my consent to either: [ISA investor to tick as appropriate]
1. serve the full notice period before this instruction can be processed;
OR
2. proceed immediately with the transfer and bearing any consequential penalty which may be applied.
Signed: Date:

Transfer Acceptance (to be completed by new ISA Manager)

In circumstances where the funds to be transferred are not cash deposits, please notify me as I may not be able to accept the transfer. Otherwise I (specify new ISA Manager) am willing to accept this investor's cash ISA funds, subject to HMRC rules (the ISA Regulations). I deem the date shown below to be the transfer date of this cash ISA.

Date: _____
Name: _____ Telephone: _____
Address: _____ Postcode: _____
E-mail: _____

Notes to accompany Guidelines

All Individual Savings Account (ISA) Managers are aware of the problems experienced by some customers in relation to the transfer of their Cash ISAs and are taking action to remedy the situation. The British Bankers' Association (BBA), the Building Societies Association (BSA) and the Tax Incentivised Savings Association (TISA) have worked collaboratively to address this industry issue, and have engaged a wide range of ISA Managers to identify issues that might be contributing to delays and to develop industry-wide solutions. As ISA Managers implement these changes and work towards bringing in necessary electronic solutions, we hope that investors will experience a smoother, faster ISA transfer process and that this will overcome any issues related to potential missed interest.

It has become apparent that a number of factors are contributing to the delays experienced in the ISA transfer process; some of these are covered in the section '*ISA Transfers – problems and quick fixes*' below. The working party has developed the accompanying Cash ISA Transfers Guidelines as an interim measure, to ensure that procedures and practices among ISA Managers are harmonised and to ensure that ISA Managers are communicating better with their customers. These Guidelines are to be used by all Cash ISA Managers and also by Stocks & Shares ISA Managers where a Cash ISA is being transferred in to them. Timescales have been specified for each part of the process and have been determined following input from many types of managers. Conforming to these timescales will mean that the whole transfer process will be a vast improvement on many of the current experiences. Many ISA Managers are already well on track to deliver on these timescales, and where some ISA Managers are resolving outstanding issues, their agreement to move towards the timescales set down by the guidelines indicates the general direction of travel, for the better, of the entire industry.

The Cash ISA Transfers: Guidelines August 2008 and Model Cash ISA Transfer Authority Form have been reviewed by HM Revenue and Customs, and shared with HM Treasury, the Financial Services Authority and the Banking Code Standards Board to ensure that the concerns raised by customers and authorities are satisfactorily addressed by the industry.

In the longer term, we will also be exploring the development of electronic solutions to enable the secure and concurrent transfer of funds and supporting information, which is essential for the correct and legitimate transfer of the ISA.

ISA Transfers – problems and quick fixes

Initiating the transfer

In instances where an ISA investor tries to initiate an ISA transfer by approaching their current ISA, the investor should be asked to contact their new ISA Manager in order to start the process.

Model Cash ISA Transfer Authority Form

One identified cause of the ISA transfer delays relates to insufficient information being exchanged between providers dealing with transfers. Therefore, a model Cash ISA Transfer Authority Form has been produced. This is intended to be a recommendation as to what information should be contained in the form. It is accepted that providers will want to produce this in their own format.

Transfer date

The last sentence at the bottom of the Model Cash ISA Transfer Authority Form under the Transfer Acceptance section, which is to be completed by the new ISA Manager, states....'I deem the date shown below to be the transfer date of this cash ISA.' It is proposed that this is the date that the new ISA manager completes the form and from which, following the appropriate application procedures, the new ISA Manager can open the new ISA account and accept current year subscriptions into it. This may differ from the date on the Cash ISA Transfer History Form (THF) which the existing ISA manager will complete and forward with the transferred funds to the new

ISA Manager. [A model THF – then known simply as a Transfer Form – was previously included in HMRC Guidance but in recent years has been a download available from their website www.hmrc.gov.uk/isa/transfer-isa.htm]

Many managers have automated procedures to produce the THF and to change the date to match the date on the Cash ISA Transfer Authority Form may be difficult, if not impossible, for some managers and would increase the processing time. Consequently, it has been agreed with HMRC to allow the transfer of current year subscriptions into an ISA that also contains current year subscriptions, as long as the combined total of current year subscriptions does not exceed current tax year limits (see 'Current year subscriptions' below). If the combined current year total subscriptions exceed the relevant annual limit then the transfer of the current year subscriptions must be rejected. It is acknowledged that if this transfer also includes previous year subscriptions, the new manager is still free to accept those, although some managers may wish to reject the whole transfer rather than split it. Whilst the industry would not promote this position whereby the customer has paid into an invalid combination of ISAs in the tax year and does not envisage a change in the regulations to accommodate it, this would be a practical way of dealing with this situation where it arises.

Information integrity

Where information supplied by the new ISA Manager and information held by the existing ISA Manager differ, the transfer goes ahead subject to the existing ISA Manager being confident of the ISA investor's identity in line with guidance from HMRC in ISA Bulletin 2. This checking process occurs for the purpose of investor protection, to ensure that the ISA investor desires the transfer, and to allow the correct account to be transferred. This is a safeguard against fraud. To expedite the transfer process by ensuring that sufficient information is supplied to the existing ISA Manager, it is recommended that ISA Managers either use the attached model Client Transfer Authority Form (or ensure the same information is incorporated within their own forms). This form (or its equivalent) is to be completed by the ISA Investor, accepted and dated by the new manager and then forwarded to the existing ISA Manager (unless an electronic process has been agreed between the two managers).

Current year subscriptions

If the new ISA Manager has already received a subscription in the current year prior to receipt of the Client Transfer Authority Form, and that form indicates that the investor has also subscribed to the existing manager in the current year, then there may be a technical breach of the ISA regulations depending on the type of ISA/s involved. In this instance, whilst he is not required to do so, the new ISA Manager may wish to consider accepting the transfer notwithstanding this breach but will need to verify the amount subscribed to the existing ISA Manager because he can only accept a transfer of the current year subscriptions where the resulting aggregate subscription does not exceed the limit (currently either £3,600 if it is a Cash ISA – Cash ISA transfer or £7,200 if it is a Cash ISA – Stocks & Shares ISA transfer).

Where the resulting aggregate subscription does exceed the limit, the current year subscriptions cannot be transferred although there is nothing in the ISA regulations to prevent the new manager accepting the transfer of any previous year subscriptions.

Data Protection

Where ISA Managers need to liaise to resolve queries or otherwise speed up the transfer process, there may be some concerns about Data Protection laws, which may be thought to restrict the supply and exchange of this information. Accordingly, the new model Cash ISA Transfer Authority Form, appended to the Cash ISA Transfers Guidelines, contains an information sharing authority, signed by the ISA investor which enables the existing ISA Manager to supply to the new ISA Manager the ISA investors' personal information on receipt of the appropriately signed authority. It is of course important to be satisfied as to the integrity of the person making the enquiry. Centralised confidential contact databases are being compiled to help overcome this concern [and a statement from the Information Commissioner's Office on this topic is attached].

Notice Periods

Individual ISA Managers may impose their own restriction on transfers so it is important that the ISA investor takes account of the individual account terms and conditions applicable to their existing ISA. If the ISA being transferred has a notice period, it will be necessary for the new ISA Manager to ensure they are aware of the investor's wishes with regards to serving the notice period or allowing the application of the penalty. It is the responsibility of both the new and existing ISA Managers to ensure they manage each other's and the ISA investor's expectations throughout the transfer process.

The relevant section on the Client Transfer Authority Form enables the ISA investor to clearly indicate to both their current and new ISA Manager their intentions with regards to any notice period on their existing ISA.

Cooling-off

Some ISA Managers offer ISA products (usually stocks & shares ISAs) that give a 'cooling-off' period. In these instances, the transfer process cannot be started until the cooling off period has expired. (The Banking Code – reflecting FSA COB requirements – requires 14-day cancellation rights for most Cash ISAs, which allows the transfer process to start straight away.)

Account Tokens

Some existing ISA Managers require the return of account tokens (e.g., bond certificates) and account passbooks in order to update and cancel on transfer of the account. Requesting these tokens may obviously further delay the ISA transfer process.

In these instances, the existing ISA Manager is expected to notify the new ISA Manager of the potential delay in actioning the transfer.

Communicating with customers

It is imperative that ISA investors are kept informed and given appropriate mechanisms to check on the progress of their ISA transfer.

Outside of the initial cooling-off period, it is the existing ISA Manager's responsibility to keep both the ISA investor and new ISA Manager informed of any reasons which may delay the transfer of funds from the existing to the new ISA Manager.

Cash ISA Transfers: Guidelines August 2008 and Model Cash ISA Transfer Authority Form Review

The BBA, BSA and TISA have committed to review the Cash ISA Transfers: Guidelines August 2008 and Model Cash ISA Transfer Authority Form not later than 12 months from publication.

Electronic Solutions

It is acknowledged that electronic transfer of both information and funds is the optimum solution. Systems development will need to take place to enable ISA managers to do this, which will call for long-term investment. To help to reduce the expenditure - and ultimately the price a consumer pays for a financial product - system changes will be introduced gradually and not overnight. However, this change is an important development and a working party has been convened to put a process in place.

An alternative approach?

The BBA, BSA and TISA believe that, for the most part, the transfer of ISAs between ISA Managers is the most efficient and secure means of transferring the funds. The proposed changes

and clearer lines of responsibilities set down in the Cash ISA Transfers Guidelines should facilitate a faster and more transparent service and address the majority of issues currently contributing to ISA transfer delays

There has been a proposal that ISA investors wishing to transfer their ISA could be given the option of closing their account and obtaining a certificate to preserve the tax status of the withdrawn funds. It is proposed that the investor could then deposit the cheque and certificate with a new ISA manager.

The issuance of paper certificates carries a number of risks to both investors and HM Revenue and Customs. For instance, certificates could be lost, or tampered with for the purposes of committing fraud, the investor may decide they want to retain part of the transfer proceeds, there may be a mix of cash and re-registration of investments – the potential for complications is great.

HMRC have indicated that this proposal would require a legislative change, and have not indicated their support for such a measure.

General background and frequently asked questions

Background

All Individual Savings Account (ISA) Managers are aware of the problems experienced by some customers in relation to the transfer of their Cash ISAs. The British Bankers' Association (BBA), the Building Societies Association (BSA) and the Tax Incentivised Savings Association (TISA) have worked collaboratively to address this industry issue, and have engaged a wide range of ISA Managers to identify issues that might be contributing to delays and to develop solutions. As ISA Managers implement these changes and work towards bringing in necessary electronic solutions, we hope that investors will experience a smoother, faster ISA transfer process and that this will overcome any issues related to potential missed interest.

It has become apparent that a number of factors are contributing to the delays experienced in the ISA transfer process. The working party has developed a set of Guidelines for the immediate term, to ensure that procedures and practices among ISA Managers are harmonised and to ensure that ISA Managers are communicating better with their customers. These Guidelines are to be used by all Cash ISA Managers and also by Stocks & Shares ISA Managers where a Cash ISA is being transferred in to them. Timescales have been specified for each part of the process and have been determined following input from many types of managers. Conforming to these timescales will mean that the whole transfer process will be a vast improvement on many of the current experiences. Some managers will be able to meet these timescales now, although it will of course take other managers some time to achieve the timescales recommended for some parts of the process.

Frequently Asked Questions

How do I transfer my ISA?

ISA investors should initiate an ISA transfer with the new ISA Manager. Once you have contacted your new Manager and filled out a Cash ISA Transfer Authority Form, they will then arrange the transfer for you, subject to the additional completion of their own specified account documentation, e.g. application &/or renewal forms.

Why do I have to go to an ISA Manager to transfer my ISA?

Under the present law, to avoid losing some or all of your tax relief, if you want to transfer your ISA you must get your new and existing ISA Managers to do this for you.

Are ISA Managers obliged to accept transfers?

ISA Managers are not obliged to accept transfers.

What am I allowed to transfer?

Investors can transfer their ISAs from one manager to another whenever they want.

Subject to your chosen ISA Manager's terms and conditions, you may transfer

- The whole current year ISA subscriptions (and any related income) and/or
- all or part of your previous years ISA subscriptions (and any related income).

If the ISA contains only current year subscriptions the entire account must be transferred.

Subscriptions to a Stocks and Shares ISA can only be transferred to another Stocks and Shares ISA. However, subscriptions to a Cash ISA can be transferred to another Cash ISA, or to a Stocks and Shares ISA.

Where current year subscriptions are being transferred from a Cash ISA to a Stocks and Shares ISA, the current year subscriptions are treated for all ISA purposes as if they had been made to the Stocks and Shares ISA. This means that the investor is regarded as never having subscribed to a Cash ISA. Within the overall subscription limit, therefore the investor may subscribe to a Cash ISA later in the current year (with the same or a different manager) without breaching the one-ISA-of-each-type-a-tax-year rule.⁴

What happens if I want to transfer a current year ISA?

Under current HMRC rules, an investor may only subscribe to one ISA provider in any tax-year. *To prevent late rejections, ISA investors are requested, as part of the initial transfer request, to ensure they correctly notify the new ISA provider of any subscriptions already made in the current tax year.*

The process for current tax year transfers is identical to previous tax year transfers; except that you have to transfer all of the subscriptions you have made in the current year together with interest earned by those subscriptions.

If an ISA is transferred in the same tax year it was opened, the original contributions still count towards the ISA investor's annual allowance but transfers from previous years will not count towards the current year's ISA allowance.

What information may be required to transfer my ISA?

- Name
- Address
- Date of birth
- National Insurance Number
- Existing Cash ISA account number
- Old Passbook/token (if any)
- Name and address of existing ISA Manager
- How much you want to transfer:
 - a) The entire balance
 - b) All of the current years subscriptions; and/or
 - c) All or part of the subscriptions from previous years, stating the amount.

Where information supplied by the new ISA Manager and information held by the existing ISA Manager differ, the transfer goes ahead subject to the existing ISA Manager being confident of the ISA investor's identity in line with guidance from HMRC in ISA Bulletin 2. This checking process occurs for the purpose of investor protection, to ensure that the ISA investor desires the transfer, and to allow the correct account to be transferred. This is a safeguard against fraud. To expedite the transfer process by ensuring that sufficient information is supplied to the existing ISA Manager, it is recommended that ISA Managers either use the attached model Client Transfer Authority Form (or ensure the same information is incorporated within their own forms). This form (or its equivalent) is to be completed by the ISA Investor, accepted and dated by the new manager and then forwarded to the existing ISA Manager (unless an electronic process has been agreed between the two managers).

To expedite the transfer process the Industry recommends ISA investors supply the new ISA provider with full and accurate details of the ISA they wish to transfer.

Are there Data Protection issues with sharing information?

Data Protection laws are in place to limit the information on individuals which companies share. However, in the case of transfers there are occasions when ISA Managers need to clarify some details relating to the account in question. Accordingly, the new Guidelines and model forms

⁴ HMRC, <http://www.hmrc.gov.uk/ISA/transfer-isa.htm>

contain an information sharing authority, signed by the investor which enables ISA providers to supply investors' personal information on receipt of the appropriately signed authority.

ISA investors can assist ISA providers in communicating more efficiently with each other by assenting to this information sharing authority.

Will I need to provide any documentation?

Some existing ISA Managers require the return of account tokens (e.g., bond certificates) and account passbooks in order to update and cancel on transfer of the account. Requesting these tokens may obviously delay the ISA transfer process.

How long will it take to transfer my ISA?

The industry anticipates that the new Guidelines will mean that normally the whole process will be completed within 23 working days.

However, there are some instances which may make the process take longer.

Some ISA Managers offer ISA products (usually stocks & shares ISAs) that give a 'cooling-off' period. In these instances, the transfer process cannot be started until the cooling off period has expired.

Also, some ISA Managers may impose their own restriction on transfers so it is important that the ISA investor takes account of the individual account terms and conditions applicable to their existing ISA. If the ISA being transferred has a notice period, it will be necessary for the new ISA Manager to ensure they are aware of the investor's wishes with regards to serving the notice period or allowing the application of the penalty.

ISA investors can assist the process by ensuring they indicate their intentions with regards to any notice period on their existing IS by completing the relevant part of the Client Transfer Authority Form.

How will I be kept informed of the process of my ISA transfer?

It is imperative that ISA investors are kept informed and given appropriate mechanisms to check on the progress of their ISA transfer. ISA Managers have agreed to improve the communication between themselves and their customers, notifying them of any delay in the transfer process.

How can I find out what has happened to the transfer of my ISA?

As part of the new Guidelines, all ISA investors should be informed of any delay.

If in any doubt however, the ISA investor should approach their existing ISA Manager to check on whether the transfer request has been received and actioned. If the transfer has been effected but a delay with the new provider is still evident, the ISA investor should approach the new ISA Manager to gain clarity as to what the delay is and when they could expect a resolution.

Will I be compensated for the delay in transferring my ISA?

If an investor feels they have been unduly disadvantaged by any delays in the transfer of the Cash ISA between providers they should follow the complaints procedure of the provider who has caused the delay.

Complaints referred to the Financial Ombudsman Service will be dealt with on an individual basis and be based on their own merits and disadvantage proven.

I am dissatisfied about the time taken to transfer my ISA, what can I do?

If, after checking with one or both providers, the ISA investor is still unhappy with the progress of their transfer, the investor should formally complain to the offending ISA Manager and follow the Manager's instructions with regards escalating their complaint to the Financial Ombudsman Service.

Wouldn't it be easier if I could be given an ISA certificate, and transfer the ISA myself?

The BBA, BSA and TISA believe that, for the most part, the transfer of ISAs between ISA Managers is the most efficient and secure means of transferring the funds. The proposed changes and clearer lines of responsibilities set down in the Cash ISA Transfers Guidelines should facilitate a faster and more transparent service and address the majority of issues currently contributing to ISA transfer delays

There has been a proposal that ISA investors wishing to transfer their ISA could be given the option of closing their account and obtaining a certificate to preserve the tax status of the withdrawn funds. It is proposed that the investor could then deposit the cheque and certificate with a new ISA manager.

The issuance of paper certificates carries a number of risks to both investors and HM Revenue and Customs. For instance, certificates could be lost, or tampered with for the purposes of committing fraud, the investor may decide they want to retain part of the transfer proceeds, there may be a mix of cash and re-registration of investments – the potential for complications is great.

HMRC have indicated that this proposal would require a legislative change, and have not indicated their support for such a measure.

Why can't the money be transferred electronically?

To ensure that the correct account and the correct funds are transferred, and that the ISA rules are not broken, it is important that sufficient information accompanies the transfer of money. It is acknowledged that electronic transfer of both information and funds is the optimum solution. Systems development will need to take place to enable ISA managers to do this, which will call for long-term development and investment. To help to reduce the expenditure - and ultimately the price a consumer pays for a financial product - system changes will be introduced gradually and not overnight. However, this change is an important development and a working party has been convened to put a process in place.