

Why have I been blocked from putting money in my Isa? I live abroad but still pay UK tax

Reader moved to Cyprus and wants to transfer funds to a Nationwide Isa But the building society has put a block on moving money into the account By [Helen Kirrane](#) Updated: 13:36, 5 March 2024

I am a pensioner from the UK, but living in Cyprus. Living expenses here are lower, so I am able to save a small amount of what I receive each month from the state pension and my small private pension.

I have recently started paying UK tax, as the latest state pension increase pushed me over the threshold. Therefore, I would like to transfer some of my savings from my current account to my Isa to offset that. Both are UK accounts held with Nationwide, so the money is not leaving the UK. I have not put any money in the Isa for the past few years.

As my income was not being taxed, I felt I should not claim tax free interest as I don't live in the UK. When I recently tried to move some money from my current account to my Isa, Nationwide blocked the transaction as I do not have an address in the UK.

I feel this is most unfair now that HMRC is taxing part of my income. Why am I not able to move this money, which has not left the UK, into my Isa?

Helen Kirrane of This is Money replies: When it comes to tax, UK expats pay a high price for the benefit of a lower cost of living outside the UK. Isas were introduced in April 1999 as a tax wrapper, designed for UK residents to protect them from UK tax.

The reason you have found that you are unable to transfer funds into your Isa is because you can only open or pay into an Isa if you are living in the UK. Because you opened your Isa before you moved abroad, the good news is that you can still keep it open and use the funds for a rainy day if you wish. However, you won't be able to transfer any new money into it. I asked Nationwide and HMRC to explain your situation further.

Richard Stocker, Nationwide's head of savings, replies: If you have opened an Isa in the UK and moved overseas, you must tell your Isa provider as soon as you stop being a resident. The Government website can help you work out your current residency status.

You will not be able to put money into that account after the tax year that you move. So, for example, if you moved abroad this month, you wouldn't be able add money to your Isa from the moment the new tax year begins on 6 April. Subject to any restrictions that might apply in the new country of residence, you're normally able to keep your existing Isa open.

You can transfer the Isa to another provider even if you are no longer resident in the UK – you just won't be able to put any new money into it.

A spokesman from HMRC replies: If you open an Isa in the UK then move abroad, you cannot put money into it after the tax year that you move - unless you are a Crown employee working overseas, or their spouse or civil partner.

You must tell your Isa provider as soon as you stop being a UK resident. However, you can keep your Isa open and you'll still get UK tax relief on money and investments held in it. You can transfer an Isa to another provider even if you are not resident in the UK. You can pay into your Isa again if you return and become a UK resident.

Helen Kirrane of This is Money replies: As you are living in Cyprus now, you won't be able to pay in any new subscriptions, but you will be able to withdraw money, or transfer money from one Isa to another, the same as you would be entitled to in the UK.

In your situation, transferring funds from the current account to the Isa would be classed as paying in new subscriptions. This has been flagged and stopped by Nationwide to prevent you breaching the Isa regulations. The block will not apply to you withdrawing your money, or transferring the existing cash to another Isa provider.

If you do withdraw any money from the Isa, it will be sheltered from any gains it made while in the Isa, but will incur tax on any subsequent gains made.