If a spouse or civil partner dies, the surviving spouse or civil partner can inherit an additional ISA allowance, known as the Additional Permitted Subscription (APS), equal to the value of the deceased's ISA at the date of death. This allows the surviving spouse to invest an extra amount into their own ISA, on top of their usual annual allowance. This inheritance doesn't involve transferring the actual ISA account, but rather the right to make additional contributions.

Here's a more detailed explanation:

* **Inheriting the Allowance, Not the Account:**

The surviving spouse inherits an allowance, not the ISA account itself.

* **Additional Permitted Subscription (APS):**

This allowance is equivalent to the value of the deceased's ISA at the date of death.

* **Time Limit:**

The APS allowance must be used within a certain timeframe, usually three years from the date of death or 180 days after the completion of the estate administration, whichever is later.

* **Using the Allowance:**

The surviving spouse can use the APS to increase their own ISA allowance, either by adding to an existing ISA or opening a new one.

* **Types of ISAs:**

The APS can be used with Cash ISAs, Stocks and Shares ISAs, or Innovative Finance ISAs.

* **Multiple ISAs:**

If the deceased held ISAs with multiple providers, the surviving spouse can apply for an APS from each provider.

* **No Nomination:**

ISAs cannot be nominated to a specific beneficiary in a will, as the inheritance rules apply automatically to the spouse or civil partner.