

The complaint

Mrs M complains about the interest paid on her savings by Nationwide Building Society.

What happened

Mrs M opened a Limited Access Saver 7 account with Nationwide in April 2019 with a balance of £600,000. At the time of opening, the interest rate was 0.75% which was due to be paid to the account each year. Nationwide says the interest rate was variable and didn't track the Bank of England base rate.

In August 2019 the interest rate was reduced to 0.5%. In May 2020 Nationwide reduced the interest rate payable to 0.05%. The interest rate increased in stages from 0.2% in May 2022 to 1.4% in April 2023 and remained at that level until Mrs M asked to close the account.

When Mrs M closed the account she found interest hadn't been paid to the balance annually as it should have and complained. Nationwide upheld Mrs M's complaint and paid her £8,560.61, representing the interest that should've been applied to her Limited Access Saver 7 account over the years.

Mrs M referred her complaint to this service and explained she thought the interest rate should have followed the Bank of England base rate. Mrs M explained she was unable to find published information that showed the rates Nationwide had applied to her account over the years. Our investigator obtained evidence from Nationwide to show the interest rates it had paid on Mrs M's account since 2019. The investigator thought Nationwide had acted fairly by paying Mrs M the missing interest totalling £8,560.61 and didn't ask it to do anything else.

Mrs M asked to appeal and said the difference between the base rate and interest rates Nationwide had used didn't correlate. Mrs M advised she still thought Nationwide had failed to pay her the full amount of interest owed. As Mrs M asked to appeal, her complaint has been passed to me to make a 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.

I've looked at the information Nationwide provided at the point Mrs M opened the Limited Access Saver 7 account. Mrs M's told us she thought the interest rate payable tracked the Bank of England base rate. But when Nationwide completed its calculations to bring her account up to date last year, Mrs M says the amount of interest she received was lower than expected. Nationwide issued Key Product Information that confirmed the interest rate was variable, it didn't say the interest rate would track movements in the base rate.

Nationwide has provided the historic rates applied to Mrs M's account which are set out above. I'm sorry to disappoint Mrs M but I'm satisfied the evidence provided by Nationwide shows it correctly applied its variable interest rate to her account since it was opened in April

2019. I appreciate Mrs M expected to receive a greater interest return, but I haven't seen anything that shows Nationwide made a mistake when it reviewed her account in April 2023 and calculated the full amount due. I've checked the figures and can confirm the adjustment of £8,560.61 Nationwide made when Mrs M closed her account was correct and in line with the terms and conditions. I'm very sorry to disappoint Mrs M but I haven't seen anything that shows Nationwide made a mistake when it calculated the interest due on her savings.

As I'm satisfied Nationwide correctly applied its variable rate interest rate, in line with the account terms and conditions, and took reasonable steps to resolve the missing interest in April 2023 I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold Mrs M's complaint because Nationwide Building Society has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 February 2024.

Marco Manente
Ombudsman