

The complaint

Mr R complains that State Bank of India (UK) Limited (SBI UK) failed to follow his instructions and set up the wrong savings product for him, which meant he lost out on earning interest.

What happened

On 7 May 2020 Mr R says he went to a SBI UK bank branch to open a three-year fixed term deposit account. He expected to earn 3.5% interest on his £110,000 deposit.

In May 2022 Mr R says he realised that he'd not earned any interest on his deposit, as his funds had simply been remitted to an SBI Indian savings account. He complained to SBI UK that it had failed to follow his instructions. He asked it to reimburse him his lost interest. Mr R was also unhappy that when he transferred his funds back to his SBI UK account, he lost £1,080.29 due to the exchange rate at the time.

SBI UK considered Mr R's complaint but didn't uphold it. It had no record that Mr R had requested to open a fixed term deposit in May 2020. It had a record that he'd applied to remit £110,000 from his SBI UK account to his SBI Indian savings account at that time, but there was no evidence he had made any other requests. It said, had a fixed term deposit account been requested, he would have been provided with a receipt and would have been charged a non-resident Indian (NRI) service charge, which he was not. It said that Mr R's SBI UK account history would also show the remittance, and Mr R's SBI Indian savings account would also have shown the transferred funds. It noted that Mr R had set up a fixed term deposit account in November 2021 for a similar amount. It said it would therefore not pay for the interest Mr R thought he had lost.

Mr R remained unhappy and referred his complaint to the Financial Ombudsman. Our Investigator looked into what had happened but didn't uphold the complaint. He wasn't persuaded the evidence supported Mr R's recollection that he'd instructed SBI UK to open a fixed term deposit account.

Mr R disagreed and asked for his complaint to be referred to an Ombudsman for a final decision. He noted that the "remittance purpose" stated on the remittance form was "Fixed Deposit Saving", and that this also showed on his SBI UK account history.

The case has now been passed to me to decide.

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.

Having done so, I'm not upholding it and for largely the same reasons as our Investigator. I realise this will come as a disappointment to Mr R, but for the reasons I'll go on to explain I don't think SBI UK has acted unfairly.

There is no recording of the conversation that took place in branch between Mr R and SBI UK's cashier on 7 May 2020. As such, I can't know for certain what was said or discussed. So, I must consider the available evidence to decide what I think is most likely to have happened.

SBI UK has provided a copy of the "Application for Remittance in Indian Rupees" document that was completed and signed by Mr R on 7 May 2020. This form records that £110,000 would be remitted from Mr R's SBI UK account to his SBI Indian savings account.

I've considered Mr R's comments about the stated remittance purpose on the form being "Fixed Deposit savings", but I don't think this is sufficiently persuasive to say that this was a direct instruction to SBI UK. The form appears to have been handwritten by Mr R. And so, while Mr R had indicated that he intended to put his funds into fixed term deposit savings, this may have happened after he remitted the funds. I think it's more compelling that when completing the form Mr R provided the account details for his existing SBI Indian savings account. Mr R ought to have known that this was an existing savings account, and not a new fixed term deposit savings account as he suggests he was trying to set up.

I have also been provided with a snapshot of Mr R's SBI Indian account statement which shows the deposit on 7 May 2020. As such, I can only reasonably conclude that Mr R knew, or ought to have known that his funds had been remitted to that account rather than to a new fixed term deposit account that he had no record of. Given the size of the transfer, I don't think it's unreasonable to expect Mr R to have checked the destination of his funds after he gave SBI UK his instructions. And so had Mr R expected SBI UK to have set up a fixed term deposit account in his name, I would have expected him to realise and raised this sooner than May 2022.

In the absence of any persuasive evidence to show Mr R instructed SBI UK to set up a fixed term deposit account, I can't reasonably hold it responsible for his perceived loss of interest as a result of that account not being set up. As such I don't uphold this complaint and don't require SBI UK to take any further action.

My final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 31 August 2023.

Lisa De Noronha
Ombudsman