

The complaint

Mr C and Mrs F complain that TSB Bank plc misled them with information it gave them about an account they opened with TSB.

What happened

Mr C and Mrs F say that they opened a TSB Save Well Limited Access Account at a TSB branch. They say they were told that the account was to run for 12 months, that the interest rate was variable, and there were penalties for withdrawals. Mr C and Mrs F say that when they opened the account the interest rate was 1.7%, and as they don't want internet banking, they get all of their information from the branch or via the phone. They say between October 2022-May 2023, they rang the branch several times to check what interest the Save Well Limited Access Account was receiving, and they say they were told higher interest rates than their original rate (for example 2.95% on 10 May 2023).

Mr C and Mrs F say that based on this call on 10 May 2023 where they were quoted the higher interest rate, they visited a TSB branch on 15 May 2023 to deposit a large cheque, and they requested a statement, but they realised the interest rate was not showing what they had been quoted over the phone, so they queried it. TSB told them that it has multiple accounts with exactly the same name. They said that during their calls with TSB, nobody asked which account they were asking about. They say during the branch visit on 15 May they were told the account they opened would always pay 1.7% for the full 12 months, but Mr C and Mrs F say they were never told this when they opened the account, and they were advised this was a variable interest rate on the account originally, and the product information states this also. Mr C and Mrs F made a complaint to TSB.

TSB partially upheld Mr C and Mrs F's complaint. It said the interest rate was variable and was 1.7% when the account was opened in October 2022. It said although it was a variable rate of interest, that does not mean that the interest rate on their account would increase/decrease in line with an on sale product, and an existing account may have a different rate to a new one. TSB said none of its savings rates are contractually linked directly to the Bank of England Base rate. It said its been unable to locate any calls which mentioned Mr C and Mrs F asking for the interest rate on their Save Well Limited Access Account, and furthermore, Mrs F contacted its contact centre on 17 May and made them aware, that when contact was made, the current rate was provided, and it was not mentioned on the calls that she held an existing Save Well Limited Access Account.

TSB said that Mr C and Mrs F had been provided with incorrect information in relation to the loss of interest if they were to withdraw partial funds, and if they were to close their account. It said it had credited £102 into their account which was made up of £50 for distress and inconvenience caused, and £52 for travel expenses to their branch. Mr C and Mrs F brought their complaint to our service.

Our investigator did not uphold Mr C's and Mrs F's complaint. He said the terms of the account given in the welcome letter do state that the interest rate is variable and can go down as well as up. He said whilst Mrs F says that the call handlers at TSB didn't ask if she was an existing Save Well Limited Access Account holder, she also said that she didn't

provide the call handler this information, which is why he thought that this was likely the reason Mrs F was provided with a higher interest rate than was applicable to her account.

Mr C and Mrs F asked for an ombudsman to review their complaint. They made a number of points. In summary, they said that they felt misled when they opened the account as they were told (and it was supported by the paperwork they were given) that the account was a variable interest rate account. They said TSB continued to open other Save Well Limited Access Accounts with exactly the same name but with different interest rates with nothing to distinguish them, such as issue numbers, so they had no reason to think that they needed to tell the staff when they rang them what the date was when their account was opened.

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.

Firstly, I'm aware that I've only summarised Mr C and Mrs F's complaint points. And I'm not going to respond to every single point made by them. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to explain to Mr C and Mrs F that it is not within this service's remit to tell a business how to run their savings policies and procedures, such as whether they should add issue numbers to new accounts being offered with the same account name. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct TSB to make changes to their policies and procedures, if necessary.

I've looked at the product information for the Save Well Limited Access Account. This confirms that the account term was fixed for 12 months, but the interest on the account was variable. I've noted the strength of feeling that Mr C and Mrs F has that they were misled about the variable nature of this account. But I'm satisfied that the account paid variable interest and I'll explain why.

From the information both parties have provided this service, the interest rate upon account opening was 1.7%. But this interest was not fixed. And just because TSB offered the Save Well Limited Access Account at higher rates of interest when it introduced newer versions of the account, this doesn't mean that the 1.7% was fixed and wouldn't change. The interest rate on this account actually appears to have increased on the account Mr C and Mrs F opened, so this would prove that the interest rate wasn't fixed.

I say this because TSB's website shows that for Save Well Limited Access Accounts which were opened between 13 September 2022-27 October 2022, the interest rate had increased to 2.15% Annual Equivalent Rate (AER). Underneath this table it shows "*These interest rates are correct as at 17/08/2023. Interest rates are variable.*" So the interest rate was increased at least once during the 12 month fixed term as on 17 August 2023, the interest rate was higher than when the account was opened which proves the interest rate was variable, so I can't fairly conclude that Mr C and Mrs F were misled at account opening about the interest rate being variable.

I'm aware the account was closed on 2 June 2023, so it may have appeared to Mr C and Mrs F that the interest rate was fixed if their interest rate didn't increase during the time the account was open (but the interest rate of their account did increase within months of their account being closed).

Mr C and Mrs F have told us that they were told by TSB staff that the account would always pay 1.7% for the full 12 months. I'm unable to prove what was said in the branch as interactions are not recorded in the same way as they often are ringing TSB centrally, but if Mr C and Mrs F were told this, then this was incorrect information, and they should have been reasonably aware this was incorrect based on the product information confirming in print the interest rate was variable.

As TSB have confirmed calls with the branch aren't recorded, I'm unable to rely on these calls here to evidence the conversations they with branch staff. But TSB have located two call recordings Mrs F had with it centrally (and an additional call where she discussed the complaint. I've listened to these calls so I can hear if Mrs F was given incorrect information.

The first call recording I've listened to was from 17 May 2023. But Mrs F already knew that there were other Save Well Limited Access Accounts with higher interest rates on this call. Mrs F and the call handler discuss not being told the rate for her account when she's spoken to TSB previously, and the call handler explains that they would only know if she had an existing Save Well Limited Access Account if Mrs F informed them.

While the Save Well Limited Access Account doesn't have an account issue number, it could have been identified by the opening date, so the staff could have given the applicable interest rate to Mrs F when she asked. If she had not explained they already had an account, or specifically told them when she opened the account, then it would be proportionate for the staff to believe Mrs F was talking about a product available to customers at the time, not a historic account.

But I did identify incorrect information on the call about withdrawal penalties/closure penalties. And this led Mrs F to ring TSB back after the first call on 17 May 2023. So she was inconvenienced by the wrong information on the first call which resulted in her ringing back for clarification. She was also told incorrect information on the second call also. The correct information was provided to Mr C and Mrs F in their final response letter dated 23 May 2023, which was before they closed the account in June 2023, so Mr C and Mrs F should've been in an informed position about this when they closed the account.

So I've considered what would be a fair outcome for this complaint. I'm not persuaded that a higher interest rate of a newer version of the Save Well Limited Access Account should be paid to Mr C and Mrs F. This is because the interest paid was the interest advertised for accounts opened when Mr C and Mrs F opened their account. But TSB did give Mr C and Mrs F incorrect information about withdrawals. I'm persuaded that this incorrect information caused Mr C and Mrs F inconvenience and distress. They indicated they would need to visit a branch and speak to a manager about this also.

So I've considered what compensation is proportionate for the distress and inconvenience caused for the incorrect information about withdrawals/closure of the account. I'm persuaded that £50 is proportionate for the impact of the distress and inconvenience had on Mr C and Mrs F. I'm persuaded this is fair as it is in line with our awards for what happened here. By the time Mr C and Mrs F had closed the account, they were aware of the correct information as this was explained to Mrs F on a call I listened to from 23 May 2023, with the complaint handler, and reiterated on the final response letter on the same date.

As Mr C and Mrs F indicated they would need to visit a branch regarding the incorrect information, then I'm persuaded that TSB were fair to make a payment for costs travelling to/from the branch and credited them with £52 for travel expenses. So I'm satisfied the total of £102 that TSB paid to Mr C and Mrs F was fair for what happened here. So it follows I don't require TSB to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs F to accept or reject my decision before 6 February 2024.

Gregory Sloanes
Ombudsman