

The complaint

Mr I is unhappy that the Shawbrook Bank Limited don't increase the interest rate on their variable rate cash ISA when there the Bank of England base rate increases.

What happened

Mr I opened a variable rate cash ISA with Shawbrook. However, he noticed that Shawbrook didn't increase the interest rate on his variable rate ISA when the Bank of England increased the base rate. Mr I wasn't happy about this, so he raised a complaint.

Shawbrook responded to Mr I and explained that the interest rate on their variable rate ISAs aren't directly linked to the base rate and that any increases or decreases to the ISA variable rate was done at their discretion. Mr I wasn't satisfied with Shawbrook's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they noted that Shawbrook hadn't acted outside the terms and conditions of their variable rate cash ISA – which didn't include any reference to the interest rate of the ISA being directly linked to the base rate – and so didn't feel that Shawbrook had acted unfairly as Mr I contended. Mr I remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

Mr I feels it's unfair for Shawbrook to describe their variable rate cash ISA as being 'variable rate', because the rate of interest doesn't increase automatically alongside increases in the Bank of England base rate.

But the interest rate on Shawbrook's variable rate cash ISA can change. And both the terms and conditions and the key features documents both explain that any change of interest rate will be at Shawbrook's discretion. Accordingly, I'm satisfied that it is fair for Shawbrook to describe the ISA as a 'variable rate' ISA.

It also must be noted that nowhere in the ISA terms and conditions or the key features documents does it state or imply that the rate of interest will increase automatically in response to increases in the Bank of England base rate. And, as the account holder, it was Mr I's responsibility to have reviewed and understood these documents before he committed to the account.

Mr I is also unhappy that Shawbrook don't automatically upgrade ISA account holders to newer issue ISA's that benefit from better rates of interest. However, Shawbrook have explained that it's a commercial decision made by themselves to not automatically upgrade accounts as Mr I would like, and that upgrades are only completed on the request of an account holder.

I don't feel it's unreasonable for Shawbrook to place the onus on their account holders to request account upgrades, rather than process them automatically. And I'm satisfied that this is a commercial decision that Shawbrook are fairly entitled to make.

Ultimately, I feel that Mr I's dissatisfaction here is based on an incorrect expectation on his part regarding the terms of the Shawbrook variable rate cash ISA. And I'm satisfied that Shawbrook haven't misled Mr I about the terms of their ISA in any way, but that Mr I himself appears to have not correctly understood the nature of the ISA he opened, despite the terms of that ISA being clearly described by Shawbrook.

All of which means that I don't feel that Shawbrook have acted unfairly here as Mr I contends. And it follows from this that I won't be upholding this complaint or instructing Shawbrook to take any further or alternative action. I realise this won't be the outcome Mr I was wanting, but I hope he'll understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

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

Paul Cooper
Ombudsman