

The complaint

Ms P complains that Santander UK Plc gave her incorrect information about interest on the account she opened with them.

What happened

Ms P says that she contacted Santander to open a Limited Edition eSaver over the phone. She says she was told she could deposit up to £1 million. Ms P says that she deposited all of her money into the account, and she received £1,339.63 in interest in November 2022, but despite her not making any transfers out of the account, she only received £731.32 interest in December 2022. Ms P contacted Santander and she spoke to a manager who listened to the original call she had with them, and he told Ms P the call handler told her that she could receive interest on up to £250,000, but she could deposit up to £1 million in the account. Ms P says this does not explain the difference in interest. Ms P made a complaint to Santander.

Santander did not uphold Ms P's complaint. They said the call handler told Ms P on three separate occasions that interest was payable on balances up to £250,000. They said during the call Ms P told them that the initial deposit would be approximately £100,000, and at no point Ms P mentioned about depositing any further funds. They said on review of her account, she had received more interest than she was entitled to as it appears an error in their system had not capped the balance of £250,000 for interest to be received and as a result of this she had been credited more interest than she should have been by approximately £1,000. They said now this issue has been identified, they will work to ensure all future interest payments correctly reflect the cap in place on the account. Ms P brought her complaint to our service.

Our investigator did not uphold Ms P's complaint. She said she didn't have a copy of the initial call Ms P made to Santander, so she can't be certain what was discussed. But she said information about the account demonstrates interest will only be earned on balances up to £250,000. So Ms P had been put in a position of betterment as they paid her interest on the whole balance instead of £250,000.

Ms P asked for an ombudsman to review her complaint. She made a number of points. In summary, she said the amount of interest on the internet is for currently available accounts showing interest up to £250,000, but this is not the account she opened, and the details are different. She asked why Santander paid her the correct interest rate in the first month, but they subsequently reduced the interest in the second month even though it was a fixed rate account.

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 asked Santander for a copy of the call recording when Ms P opened her account. While they previously couldn't locate this call, they have now been able to. The call handler goes through the application process. She tells Ms P *"so the e-Saver Limited Edition Issue 1 is an*

instant access account, paying a variable rate of 2.75% AER gross. The interest is paid on balances up to £250,000 only". So I'm satisfied that Ms P was told the correct information here. But this wasn't the only time the call handler mentioned this. The call handler said "you can save from £1, interest is paid up to £250,000 only".

The call handler asks Ms P how much she thinks she'd be putting into the account initially and she says about £100,000. At the end of the call, the call handler says "so that's open now, so you can start using it immediately, and you'll get interest up to 250,000 of the 2.75". Ms P replies "that's great, okay, thank you very much".

So after listening to this call I'm satisfied the call handler clearly told Ms P on three separate occasions that the interest would be paid up to £250,000. Apart from Ms P indicating that she may be depositing around £100,000, Ms P didn't at any point of the account opening call indicate she would be depositing more than £250,000 into the account in the future. And she was not told on this call she could deposit £1 million.

I have looked at the specific Key Facts Document for the account that Ms P opened. I can confirm to Ms P that this was not a fixed rate account, as this document shows that the interest rate was variable. This also confirms that the 2.72% monthly interest is paid on balances between £1 and £250,000. While the document doesn't show a maximum balance, it does specifically state "Interest is paid up to £250,000 only". So I'm satisfied that this was clear that the maximum balance to earn interest was £250,000.

Ms P has commented on what the Santander website says now as opposed to when she applied for the account. Santander have managed to send me an extract from their website from 14 October 2022 regarding the account she opened – the same date her account was opened. This includes the wording "Interest is paid on balances up to £250,000 only". So I'm satisfied that the wording was clear that they would only pay interest up to £250,000.

I've considered what Ms P has said about the monetary value of her interest falling. This is because when her account was opened, Santander had a system error which did not cap the interest at £250,000. As a result of this, her higher balance resulted in her being paid interest which she shouldn't have been paid (as she should have only been paid interest up to £250,000). Ms P's monetary value of her interest fell as a result of Santander realising the interest cap wasn't on her account, so when they applied this – which should have been in force from the account opening – she was paid the interest on her balance up to £250,000.

Santander have also said they sent out proactive communications to customers who had balances of over £250,000 when they realised the error. They sent me a template copy of this communication. This contains the text "We've noticed that you have over £250,000 in your e-Saver Limited Edition. While we pay interest on your balance below this amount, you're not earning any interest on the portion of your balance above £250,000." So I'm satisfied that Santander made Ms P aware that the maximum balance they would pay interest on was £250,000.

From the account opening phone call I listened to, Ms P told the call handler her concerns about fraudulent emails that were allegedly sent from Santander about charges and these contained weblinks. So it may be that Ms P did not open this communication as she was concerned it may not be legitimately from Santander. But even if Ms P did not open this communication, I'm satisfied that she should've been aware of the maximum balance they would pay interest on based on the website information, the product fact sheet information and the telephone call she had with Santander.

As Santander made this error, they have not looked to recoup the overpaid interest that Ms P has benefitted from (which they estimate to be around £1,000 more than she should have

received). And I think this is fair. But I'm not persuaded that just because Santander had made an error by not applying the interest cap on the account originally, that this means they should let Ms P benefit from this after they have realised the mistake. This is because she was told on three occasions during the opening of her account (and the information was displayed on their website at the time, and the Key Facts Document) that the interest was payable on the account up to £250,000, and not over this amount. So it follows I don't require Santander to do anything further here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 3 November 2023.

Gregory Sloanes
Ombudsman