

## The complaint

Mr T complains that Sainsbury's Bank Plc did not act in line with the terms and conditions for the account he opened.

## What happened

Mr T opened a Defined Access Savings account (DAS) with Sainsbury's and deposited £407,000 initially. Mr T added further money to the account, however, this meant the balance was over £500,000 and based on the terms of the account, this meant the interest was reduced to 1% on the whole balance. Mr T says that based on the terms of the account (section 2.3) they explicitly state if there is going to be a reduction in the interest rate, they would give 14 days' notice of this. Mr T made a complaint to Sainsbury's.

Sainsbury's did not uphold Mr T's complaint. They said they believed the information on their website is clear. They said whilst they don't offer an instant message to advise the interest rate was reducing due to the balance of his account, they've sent him a letter to inform him of this. Sainsbury's said whilst Mr T didn't view this until later due to travelling abroad, this is not a bank error. Mr T brought his complaint to our service.

Our investigator did not uphold Mr T's complaint. He said Sainsbury's literature was clear, the interest rate was applied correctly, the welcome letter and the terms and conditions stated the rates of interest offered and explained that the rate would apply to the entire balance. He said while the terms did state that they would give at least 14 days' notice before reducing his interest rate, Sainsbury's had not changed the rates from those detailed in the welcome letter. The interest rate earned changed because Mr T moved from one balance tier to the next, not as a result of something Sainsbury's did, and they didn't fundamentally alter anything. Mr T asked for an ombudsman to review his complaint, and he said the terms were explicit they had to give him notice if they were to reduce the interest rate.

## 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 considered what Mr T has said about section 2.3 of the terms and conditions. This starts with *"If we reduce your interest rate, other than as outlined in clause 2.5 below, we'll contact you at least 14 days before we make the change"*. I've looked at section 2.5, and this relates to the number of withdrawals on the account, so this isn't applicable in the circumstances of Mr T's complaint.

But this isn't all that the DAS terms and conditions show. They also show that *"These Defined Access Saver Account Terms and Conditions together with the General Terms and Conditions and summary box (where provided) in your account welcome letter set out the terms and conditions for your Sainsbury's Bank Defined Access Saver Account. Please read them and then keep them for future reference. They are also available on our website"*. So based on this wording, I'm satisfied that there are three parts to the terms and conditions for

Mr T's DAS – the DAS terms, the general terms, and the summary box in Mr T's account welcome letter.

I've looked at the general terms, and these don't give any other information which is relevant to Mr T's complaint here, which isn't already in the DAS terms. I've looked at Mr T's welcome letter and there is a section titled summary box.

Page three of the welcome letter clearly sets out there are different interest tiers for the account. The applicable tiers here are £1,000-£500,000 and £500,001 and over. I'm satisfied that if there was over £500,000, the interest rate which would be applicable was 1%. The summary box clearly states that *"The interest rate applied to the account will depend on the balance and the number of withdrawals made in each 1 year period. The interest rate earned will apply to the whole balance in the account"*.

As Mr T deposited more than £500,000 into the account, he received the advertised balance of 1% on the whole amount. On the date he exceeded the £500,000 balance, the interest rate at that tier had not been reduced by Sainsbury's since he opened the account. They did not decide to reduce his interest rate (as for the tier advertised when he opened the account it was 1%). So I'm satisfied that section 2.3 of the DAS terms does not apply here, as Sainsbury's had not reduced the 1% for this tier from account opening.

I know Mr T takes this clause to mean that if Sainsbury's reduced the interest rate they should give him notice. But the tiered rate had not reduced its interest rate. It was Mr T's actions which caused his rate to go to the tiered rate of 1%. So I can't even say that Sainsbury's had reduced his rate, as effectively, Mr T did this through his actions, even if this was a genuine mistake.

It wouldn't be reasonable for Sainsbury's to give Mr T 14 days' notice that they were entering a different interest tier as the tiers were clearly outlined at the outset, and this could be gamed where customers could deposit up to £2 million (the maximum balance allowable in the account), then make one of their three withdrawals on day 14 of the notice, then do this another two times (based on the number of withdrawals conditions in the terms). Sainsbury's did inform Mr T that he had moved tiers and his interest was 1%. They also informed him of how he could get the most from his savings by bringing the balance below £500,001. My understanding is that Mr T did this, so he was earning the applicable interest for the top interest rate tier again. So it follows I don't require Sainsbury's 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 T to accept or reject my decision before 18 January 2024.

Gregory Sloanes  
**Ombudsman**