

The complaint

Mr H is unhappy with the rate of interest offered by Tesco Personal Finance PLC, trading as Tesco Bank.

What happened

Mr H raised a complaint with Tesco because he was unhappy that they offer a lower rate of interest on the instant access savings account that he holds than they offer for their online only savings account. Mr H wanted Tesco to give him the same interest rate as the online account on his instant access account.

Tesco responded to Mr H and confirmed that Mr H has received the correct rate of interest for the type of account he holds. Mr H wasn't satisfied with Tesco's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Tesco had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr H 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 H is unhappy with the rate of interest offered on the type of savings account that he holds. But I'm satisfied that it's for Tesco to decide what rate of interest they're willing to offer on any specific product. And I don't feel that Tesco should fairly or reasonably be compelled to offer a higher rate of interest to a customer just because that customer would like their account to benefit from a rate of interest that isn't offered on the account that they hold but is offered by Tesco on one of their different products.

Mr H feels that he is prejudiced against because he doesn't want to hold an online only savings account because he wants an account from which he can withdraw money using a card. This is, of course, a choice that Mr H is entitled to make. But I feel that it's a fair and reasonable consequence of Mr H's choice to not hold an online only savings account that he doesn't receive the rate of interest offered by that account, which he has elected not to hold.

Ultimately, it isn't unusual for banks such as Tesco to offer differing rates of interest on different accounts. And I'm satisfied that it's a legitimate commercial decision which Tesco are reasonably entitled to make for them to do so. As such, I feel that if Mr H wants a

specific rate of interest offered by a certain account, then it's for him to apply for that account. And if Mr H chooses not to apply for such an account, then I don't feel that it's unfair for him to not receive the rate of interest offered by that account.

All of which means that I won't be upholding this complaint or instructing Tesco to take any further or alternative action. I realise this won't be the outcome Mr H was wanting, but I trust that he'll understand, given what 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 H to accept or reject my decision before 25 December 2023.

Paul Cooper
Ombudsman