

The complaint

Mr J complains Tandem Bank Limited didn't tell him the terms and conditions of his one year fixed term saving account had changed, causing him a financial loss.

What happened

In October 2017 Mr J opened a one year fixed term saving account with Bank H. Bank H was acquired by Tandem and on 17 September 2018 Tandem wrote to Mr J. It said his account would mature on 16 October 2018 so he should complete an options form, and it set out some changes to the terms and conditions of its fixed saving accounts. Mr J completed the options form, signing to say he wanted to reinvest part of his funds into his fixed saver account and that he accepted the terms and conditions.

Tandem wrote to Mr J on 16 September 2019 to say his account would mature on 16 October 2019 and that *'On maturity, you can either re-invest all of your savings in a new Fixed Saver or withdraw them to your linked current account.'* Mr J thought this meant he could reinvest his original sum plus the interest and additional funds so he called Tandem on 19 September 2019 to do this. But it said its terms had changed over the last year or two so he could only reinvest his original sum. And that if Mr J wanted to also invest the interest and additional funds, he'd have to withdraw everything and open a new fixed term account at a lower rate of interest. Mr J said he'd think about it.

Mr J went on to reinvest his original sum with Tandem. And he complained Tandem hadn't also let him reinvest the interest plus additional funds, and hadn't told him in writing about the changes to his account terms. In response, Tandem said the terms of the account Mr J took in October 2018 didn't allow interest to be reinvested and it told him about the changes then. And that when its maturity letters say reinvesting in full, they mean only the original sum after maturity, as the interest would already be paid out to a separate account. It also said its agents had given Mr J correct information when he called.

Mr J brought his complaint to our service, saying Tandem's response didn't address it not telling him about the changes before he called on 19 September 2019. He said Tandem caused him a financial loss because if it had told him about the changes in writing before then, he would have invested elsewhere with a better interest rate.

Our investigator didn't uphold Mr J's complaint. She thought Tandem's letter of 17 September 2018 made the changed terms clear, and it hadn't contradicted this in its letter dated 16 September 2019 or in calls in the weeks after.

Mr J disagreed. He said Tandem let him reinvest his original sum plus the interest and additional funds in October 2018 and should have told him he couldn't do this anymore before 16 October 2019. He said his Call Deposit Account was still open despite Tandem saying he cannot include additional funds or have interest paid to his Call Deposit Account, as it had simplified things and removed it. And he said Tandem had been misleading and unclear, and its agents gave conflicting advice.

As Mr J disagreed, his complaint has been referred to me for 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'm not upholding this complaint. I realise this will be a disappointment to Mr J but I'll explain my reasons

Mr J says Tandem didn't tell him in advance he couldn't reinvest interest and additional funds. But Mr J gave us a copy of a letter Tandem sent him on 17 September 2018. The letter essentially asks whether Mr J wants to invest again with Tandem. And it says Tandem has made changes to its fixed savings accounts, that the details were in the attached terms and conditions but in summary the changes included:

- *'removing the option to choose to have interest paid into your fixed term account to be compounded over the terms of your product.'*
- *'we no longer allow you to top up your maturing balance ahead of re-investment. The maximum you can reinvest is the original amount you invested with us'.*

So I'm satisfied Tandem told Mr J clearly and in advance that its accounts were changing and this would affect what he could choose to do - if he invested with Tandem again - when his new investment matured in October 2019. Mr J accepted these changes when he signed the options form on 3 October 2018 – just above his signature the form says *'By signing this application form, you confirm that: ...you have received and read the Fixed Saver Terms and Conditions; the Product Summary Box; and the Financial Services Compensation Scheme Information Sheet.'*

I acknowledge Mr J might have thought Tandem's letter dated 16 September 2019 meant he could reinvest not only the original sum but also the interest and additional funds. But the letter doesn't mention any option to reinvest the interest or additional funds, instead it says *'On maturity, you can either re-invest all of your savings in a new Fixed Saver or withdraw them to your linked current account.'* And as I've said, Tandem had in any case already told Mr J about the changes in its letter of 17 September 2018, which Mr J accepted by signing the options form. So I don't think Tandem gave Mr J any conflicting information in this letter.

And I don't think it gave him any conflicting information about his account in the calls I've listened to. On 19 September 2019, so before he chose to commit to his Tandem account for another year, it told him the terms had changed and he couldn't reinvest interest or additional funds. And when he called to complain on 10 October 2019, it told him this again.

Taking everything into account, I'm satisfied Tandem told Mr J its terms and conditions were changing before he signed up to those changes. So I can't fairly say Tandem caused the financial loss Mr J believes he's suffered.

Mr J has said that in October 2018 Tandem let him reinvest his original sum plus interest and additional funds. While I acknowledge what Mr J says, from the evidence provided to me, I've not seen that this is the case. But even if it was, Mr J hasn't suggested he has been financially disadvantaged by that. And as I've said, I'm satisfied Tandem clearly let Mr J know in September 2018 that its accounts terms and conditions were changing.

Mr J has also said his Call Deposit Account is still open despite Tandem telling him he cannot include additional funds or have interest paid to his Call Deposit Account, as Tandem has simplified things and removed it. I've not seen that Mr J has complained to Tandem about this, so I won't address it in this decision. Mr J would instead need to raise a complaint

about that with Tandem first. And if he wasn't satisfied with its response, he could then bring his complaint to our service.

My final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 15 July 2020.

Ailsa Wiltshire
Ombudsman