

The complaint

Mrs S is unhappy as she believes she was misled by Virgin Money plc with regard how much interest she would receive on a savings account.

What happened

Mrs S opened a savings account in branch with Virgin Money on 8 May 2019. Mrs S chose this savings account because it advertised a 3% interest rate. The savings account was a fixed term account and permitted monthly deposits of up to £250 per month. The interest accrued on the savings account was paid in bulk at the end of the fixed term, which for this particular account was 1 May 2020.

On 1 May 2020 Mrs S was disappointed to discover that interest of approximately £43 had been credited to her account. This was considerably below what Mrs S was expecting, and so she complained to Virgin Money about this.

Virgin Money responded to Mrs S's complaint on 14 May 2020. They explained that the interest had been calculated correctly, and so they didn't uphold Mrs S's complaint. Mrs S wasn't happy with this response and so referred her complaint to this service.

One of our investigators looked at this case. However, they also felt that Virgin Money had calculated the interest correctly, and they couldn't see that Virgin Money had misled Mrs S in any way about how the interest would be calculated, so they didn't uphold the complaint either.

Mrs S remained dissatisfied and 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.

It's clear that Mrs S feels strongly that she has been treated unfairly here and that she was led to expect that her savings account would provide a greater return of interest than the amount actually paid.

Mrs S has stated that she was not provided with any documents relating to the savings account at the time that she opened the account in branch. Virgin Money dispute Mrs S's claim here and advise that the provision of account documents to customers, including a key features document, is part of the standard procedure of opening a new account in branch.

Obviously, I was not present at the time that Mrs S opened the account, and so I have to consider what I believe was most likely to have occurred, on the balance of probability, with the information I have available to me. In this instance, because I am aware of the general robustness of bank's procedures when it comes to regulated activities, such as this one, I feel that it's more likely that Mrs S would have been provided with account documents, and

that these documents would have explained how interest on the savings account was calculated.

However, I must also note that if it were the case that account documents weren't presented to Mrs S at the time that she opened that account, those documents would have been available to her had she requested them, and Mrs S would also have been able to ask specifically about how the interest on the savings account was calculated.

Additionally, Mrs S hasn't stated that she was told by any of Virgin Money's staff that the interest on the account would be calculated in the manner which she thought it would be. Indeed, Mrs S has explained to this service that her calculation of the interest amount is based on assumptions made by herself as to how the interest might be calculated.

Unfortunately, in this instance, the assumptions made by Mrs S are incorrect. So, it's difficult for me to conclude that Virgin Money have misrepresented the amount of interest that would be paid on this account, because Mrs S's expectation of the amount of interest that should have been paid to her isn't based on any information about the method of interest calculation provided to her by Virgin Money.

Having reviewed the amount of interest that Mrs S received on the savings account it's clear that Virgin Money calculated this amount correctly and in line with the terms and conditions of the account.

It follows that I can't fairly say that Virgin Money have acted unfairly or unreasonably here, and unfortunately it seems that Mrs S's expectations regarding the amount of interest she should receive weren't grounded in a correct understanding of how the savings account operated. I would also note that the method of interest calculation used by the savings account is not unusual for an account of this type, and as such can't be considered as being non-standard in any way.

All of which means that I won't be upholding this complaint or asking Virgin Money to take any further action at this time. I understand that this won't be the outcome that Mrs S was hoping for, but I hope I have been able to explain why I am satisfied that Virgin Money paid the correct amount of interest to her and haven't misled her as to the amount of interest that she should have received.

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 Mrs S to accept or reject my decision before 8 March 2021.

Paul Cooper
Ombudsman