

The complaint

Mr T complains Tandem Bank Limited caused him inconvenience when his fixed-rate savings account came to an end.

What happened

Mr T held a two-year fixed rate savings account with Tandem. At the end of the two years, Tandem offered some options to Mr T. One of those was to reinvest his money for three years, at an interest rate of 0.7% (which was lower than he'd had for the previous two-year fixed deal).

Initially Mr T didn't accept that, but he then found Tandem were advertising the same three-year account at 1.2% interest for new customers. He complained to Tandem that he hadn't been offered that rate.

Tandem agreed to honour the higher rate and the savings account was set up. Mr T asked for £100 compensation as he'd had to go to a lot of trouble to get the higher interest rate applied.

Tandem didn't agree to pay any compensation, so Mr T brought the complaint to our service.

Our investigator didn't think Tandem had treated Mr T unfairly. She appreciated he was frustrated about the situation but didn't think any compensation needed to be provided and thought Tandem had acted fairly by allowing Mr T to take advantage of the higher rate.

Mr T didn't accept that, so the matter has come to me to decide.

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.

Mr T says by not offering him the higher rate for the savings account as he was an existing customer, Tandem has mis-sold it. I don't agree that's the case. I don't think Tandem has acted outside of any banking codes by choosing to offer different interest rates to new and existing customers. Banks are entitled to make a commercial decision to offer higher or lower interest rates for new customers.

There are regulations which Tandem should follow in relation to changing interest rates of existing accounts, but that isn't what has happened here. Mr T came to the end of the two-year fixed deal. Tandem wrote to him to notify him it was coming to an end and provide his options about what would happen next. So I'm satisfied it acted reasonably towards Mr T at the end of his fixed-rate deal.

When Mr T realised he could get a higher rate if he was a new customer, he emailed Tandem to complain. That email wasn't responded to. But he got in touch again and Tandem agreed to give him the higher rate. All of this was agreed in a matter of days, and before his previous product came to an end, so he hasn't lost out on any interest.

If I were to find that Tandem had done something wrong in not offering the higher rate at the start – which I don't think it has – a suitable remedy would be to ask Tandem to apply the higher rate. As it's already done that, I don't think it needs to do anything else.

This service can award compensation where mistakes made by businesses cause unnecessary distress and inconvenience. But I haven't found that Tandem has made a mistake here. Whilst Mr T's first email wasn't picked up, the issue was still resolved in a matter of days and didn't result in any loss of interest on his account or any significant inconvenience to him. So I'm not going to make Tandem pay any compensation to Mr T.

My final decision

My final decision is that I don't 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 1 September 2021.

Michelle Henderson
Ombudsman