

The complaint

Ms R complains that TSB Bank plc stopped paying interest on her Classic Plus account.

What happened

In January 2015 Ms R opened a Classic Plus account with TSB. Ms R has explained she wanted to take advantage of interest TSB pays account holders who are signed up for paperless statements. Ms R registered for online banking and paperless statements. TSB says Ms R had to accept the account and paperless terms and conditions in order to set up her Classic Plus account to receive interest.

TSB's paperless terms say it will switch back to paper statements if a customer hasn't checked their paperless statements for a period of 12 months. The terms also say to receive interest, Classic Plus account holders have to register for both paperless correspondence and statements. But TSB says it paid Classic Plus account holders, including Ms R, the paperless interest incentive until November 2017, regardless of whether they met the qualifying criteria. In November 2017, TSB says it took the step of withdrawing this approach and stopped paying Ms R interest.

Last year, Ms R complained to TSB after she found it had stopped paying interest in November 2017. TSB sent Ms R a final response and said it had stopped paying interest because Ms R failed to select online correspondence as well as paperless statements when she signed up to online banking in January 2015.

Ms R referred her complaint to this service and it was upheld by an investigator. They asked TSB to honour interest payments from November 2017 onwards. TSB asked to appeal, so Ms R's complaint has been passed to me to make a 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.

I've read the account and paperless terms and conditions supplied by TSB. I agree they require customers to register for both paperless correspondence and statement and periodically check their accounts. But, I think TSB's actions in this case led Ms R to believe she fulfilled the qualifying criteria.

TSB has told us Ms R didn't meet the requirement for receiving credit interest because she failed to register for paperless correspondence as well as statements. But TSB paid Ms R interest as if she did qualify for a period of almost three years. TSB stopped paying interest in November 2017 and says it was up to Ms R to ensure she met the terms. But, in my view, by paying interest for almost three years TSB led Ms R to believe she did meet the qualifying criteria. I think Ms R could reasonably have expected TSB to specifically tell her it had stopped paying interest and the reason why. Given Ms R had accepted the account terms almost three years previously, I don't agree it was reasonable for TSB to assume she'd recall the specific criteria for receiving credit interest.

