

The complaint

Mr W complains that Al Rayan Bank PLC failed to give him proper notification concerning the change in interest rate and of the availability of an updated issue of his saver account.

What happened

Mr W had invested money in an everyday saver account (Issue 2) from September 2019. Sometime, I believe, in 2023 Mr W tells us that he discovered from looking at Al Rayan's website that there was a new issue of the everyday account (Issue 3) with a higher rate of interest. He complained to Al Rayan that he had not been told of Issue 3 and that it was in breach of the FCA's rules on notification.

Al Rayan explained that Issue 3 was a new account and not a change in Issue 2. So it wasn't required to notify Mr W specifically but advised that the information was on its website and that he was eligible to transfer his investment funds to the new account.

Mr W did not agree that it was a new account, pointing out that Issue 2 was no longer available and that the same terms and conditions applied to the Issue 3 but with a higher rate of interest. He declined to move his funds to an Issue 3 account.

On referral to the Financial Ombudsman Service, our Investigator considered that Al Rayan had given Mr W a fair opportunity to apply for the latest issue of his account as it was clearly set out on its website. Mr W had confirmed he was aware of the new Issue from the website, and that Al Rayan publish rates there. She noted that Mr W had chosen not to apply for Issue 3.

Mr W disagreed, pointing out again the FCA rule which he believes applies to this case. He was concerned that our Investigator seemed to imply that firms need not inform their customers in writing of changes in their products.

The matter has been passed to me for an Ombudsman's consideration.

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.

Just to clarify, I shall be dealing in this decision with Mr W's complaint about the failure of Al Rayan to inform him of Issue 3 of his account and the enhanced interest rate. I note that he made a subsequent complaint about a delay in Al Rayan following his instructions to close his account. As advised by our Investigator, that is a new complaint which he should address to Al Rayan in the first instance.

I think Mr W's complaint turns on his interpretation of BCOBS (Banking Conduct of Business Sourcebook) 4.1.1, as set out in the handbook of the Financial Conduct Authority (FCA), which says:

“A firm must provide or make available to a banking customer appropriate information about a retail banking service and any deposit made in relation to that retail banking service:

- (1) in good time;*
- (2) in an appropriate medium; and*
- (3) in easily understandable language and in a clear and comprehensible form; so that the banking customer can make decisions on an informed basis.”*

Mr W also says that BCOBS 4.1.2 (3) applies, namely:

“(3) Where a firm proposes to exercise a power to make:

- (a) a change to any term or condition of the agreement; or*
 - (b) a change to any charge; or*
 - (c) a material change to any rate of interest;*
- that applies to the retail banking service and that will be to the disadvantage of a banking customer, the firm should provide reasonable notice to the banking customer on paper or in another durable medium before the change takes effect.”*

I believe that the everyday saver account Issue 3 was launched in July 2022. There is evidence that this launch was notified to customers on Al Rayan's website at the time. Mr W referred in his complaint that he knew from the website that Issue 3 had been launched and that he “waited in vain” for Al Rayan to contact him. So I think that Al Rayan complied with its obligation to give notice of the account in good time and in an appropriate medium and in easily understandable language.

Mr W has argued that Issue 3 of the easy saver account is not a new account. This is because it is the same account as Issue 2 and has the same terms and conditions applied to it. He also points out that Issue 2 is no longer available on Al Rayan's website. Whilst I note what he says, BCOBS 4.1.2 (3) specifically refers to a “change” to any term or condition, charge or rate of interest. The Issue 2 account which Mr W had still continued for existing customers. So I do think that Issue 3 was a new account and that Al Rayan would not be obliged to tell customers who held the old account individually on paper or in another durable medium.

I understand that Mr W receives a monthly newsletter from Al Rayan and that there was no indication of Issue 3 in it. I appreciate that but I do think that Al Rayan had adequately informed its customers through its website.

Further, I can't comment as to why Al Rayan did not simply transfer over all Issue 3 customers to the new account. It has made a commercial decision to Issue a new product rather than change an existing product over to a new one. Whilst I understand that Mr W is unhappy with this, he was able to apply for the new account as it was available to both existing customers and new customers.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 February 2024.

Ray Lawley
Ombudsman

