

The complaint

Mr T complains on behalf of himself and Mrs T that Shawbrook Bank Limited (“Shawbrook”) is treating its customers unfairly by frequently “up-issuing” its easy access savings account and not automatically applying the new interest rate to existing customers who hold easy access savings accounts.

What happened

Mr and Mrs T hold an easy access savings account which pays a variable rate of interest. Mr T complained to Shawbrook on 3 July 2023 that their account wasn’t automatically upgraded when it issues new interest rates on or “up-issues” its easy access savings account.

Shawbrook didn’t uphold Mr T’s complaint. It says the accounts are designed for customers to be able to access their money at any point without penalty and the interest rate is set at the point the account is opened and don’t automatically increase as the Bank of England Base Rate increases, nor does it decrease when it goes down.

Shawbrook says it differentiates between the accounts by giving them different issue numbers as part of the product name and customers are free to transfer to a different product using a simple upgrade process which keeps the same account number, but adopts to the different terms.

Mr T was unhappy with this and believes it unfair and so brought his complaint to this service.

One of our investigators looked into Mr T’s concerns but didn’t think Shawbrook had treated Mr T unfairly as he was able to move funds freely and transfer his account to a new issue if he wished to keeping the same account number. Furthermore, they didn’t think it was unreasonable that Shawbrook used different issue numbers to differentiate between its products.

Mr T disagreed and has asked for an ombudsman’s 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.

My role is to look at problems that Mr T has experienced and see if Shawbrook has done anything wrong or treated him unfairly. The crux of Mr T’s complaint is that Shawbrook doesn’t automatically upgrade the interest rate on his easy access account to the higher rate of interest when it releases a new issue of this type of account. Shawbrook says it also doesn’t automatically reduce the interest rate on its customer’s easy access accounts when a new issue provides for a lower rate of interest – though I note this is allowed for under its terms and conditions.

It might be helpful for me to say here that, I don't have the power to tell Shawbrook what interest rates it has to offer to what customers, and I can't make it change its systems or processes – such as how interest rates are applied or new products are described or released. These are commercial decisions and not something for me to get involved with. We offer an informal dispute resolution service and we have no regulatory or disciplinary role – that's the role of the regulator, in this case the Financial Conduct Authority (FCA).

That said while I won't tell a business what products it needs to offer and how it should do this, I would expect that any information it does provide to its customers when deciding to invest in a product – such as a savings account - needs to be communicated in a clear, fair and non-misleading way. And in Mr T's case I think it was. I say this as I can see that Shawbrook's key product document for the easy access savings account provides all the important information I think a customer needs to know when opening one including:

1. The Interest rate applied on opening and how it is calculated;
2. Confirmation that the rate is variable and that it can change; and
3. Any restrictions regarding the withdrawal of funds.

Furthermore, Shawbrook's terms and conditions also don't restrict Mr T from upgrading his account to a new issue if it has a higher interest rate, nor do they make it prohibitively difficult to do so by enabling a customer to do this while keeping the same account number.

And although I wouldn't tell a business how it has to describe its products, I don't think it is unreasonable or misleading that Shawbrook uses the same name for describing the account but uses a number to differentiate between interest rates that apply to the account depending on when the account is opened – as the product is differentiated solely by the rate of interest that applies.

I don't think differentiating a product by issue number is unusual in the banking sector, indeed, I think that this method of differentiating products is used as it is less confusing as it saves a customer from having to compare product names against what they offer rather than just comparing an interest rate. I also think businesses need the flexibility to provide different interest rates and adapt their products quickly in-line with market fluctuations to keep them both profitable and viable.

So having considered everything – including the relevant laws and regulations that applied at the time Mr T raised his complaint – I don't think that Shawbrook has made an error or treated Mr T unfairly as he was given the product he applied for based on information that I consider was fair, clear and not misleading. And it follows, I do not uphold Mr and Mrs T's complaint.

My final decision

For the reasons I've explained, I do not uphold Mr and Mrs T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 April 2024.

Caroline Davies
Ombudsman