

## **The complaint**

Mr H complains about the interest rate on the savings accounts he holds with Citibank UK Limited.

## **What happened**

The background of this complaint is well known to both parties, so I won't repeat everything here. Instead, I will provide a summary and focus on giving the reasons for my decision. Mr H had been a Citibank customer for many years. He held several accounts with it including two savings accounts.

Mr H complained to Citibank in September 2023 about the interest rate applicable to the savings accounts. He says the interest rate offered on the accounts didn't reflect recent increases in the Bank of England base rate. And aren't compatible with the Financial Conduct Authority's (FCA) Consumer Duty or its 14-point action plan on cash savings. Citibank didn't uphold Mr H's complaint. It said its interest rates are competitive when benchmarked against other financial institutions. Unhappy with the response, Mr H referred his complaint to this service.

One of our investigators looked into it, but he didn't think Citibank had treated Mr H unfairly. He didn't think that Mr H had been caused a financial loss as the combined balance of both his savings accounts was less than £1.

Mr H didn't agree. He said that Citibank didn't do enough to make its savings products an attractive proposition and failed in the discharge of the Consumer Duty. And he asked for the complaint to be reviewed by an Ombudsman. So, Mr H's complaint has been passed to me to decide.

Mr H has raised several complaints about Citibank. So, for clarity this decision only relates to Mr H's complaint about the interest rates applicable to the sterling savings accounts he held with Citibank.

## **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.

Having done so, I've reached the same overall conclusion as the investigator and for similar reasons. I understand that Mr H will be disappointed as I can see he feels strongly about this issue. So, I'll explain why.

I acknowledge that interest rates in the UK have risen considerably in recent times. And, like the investigator, I can understand that Mr H wants to ensure he's getting a fair interest rate on the savings products he held with Citibank. I also acknowledge that his preference is to keep all his savings under one roof, so he can more easily monitor them and move money around.

Mr H's savings accounts were variable rate products, so the interest rates changed over time rather than being fixed. Bank savings and lending rates will be influenced in part by changes to the base rate. But there will also be other factors at play including supply and demand, bank liquidity and cash flow, and competition between banks. There was no automatic relationship or direct correlation between Mr H's savings account rates and the Bank of England's base rate. If there was then this would have been set out in the account terms and condition, but I've seen nothing to that effect.

I'm aware the aim of the FCA's action plan was to ensure banks and building societies were *"passing on interest rate rises to savers appropriately, that they're communicating with customers much more effectively and offering them better savings rate deals."* And I acknowledge that the Consumer Duty sets out requirements for banks to support their consumers to pursue their financial objectives through the provision of clear and timely information and good customer support. But neither the action plan, nor the Duty, say anything specific about the speed at which banks must increase rates following base rate changes, or that account interest rate changes must be linked more directly to the base rate. And while the Consumer Duty says that banks should offer fair value, the FCA has also highlighted that consumers should still shop around if they want to get the best deal.

Citibank has shown that it did increase its interest rates in July 2023 – around the time the Consumer Duty came into effect – and again in September 2023, and it wrote to Mr H to advise as such. I accept the rates payable on Mr H's account prior to these changes were very low and, given the evidence I have from the bank, I'm not entirely persuaded they offered fair value prior to the increases.

But having reviewed Mr H's statements for the 12 months leading up to his complaint, I can see he held a very minimal balance – only a few pence in each savings account. And the amount of interest he would have earned on those balances, since the Consumer Duty came into force, would have been negligible irrespective of the interest rate being paid. Mr H has also told us that he held the bulk of his savings elsewhere and was earning what, experience tells me, was a competitive interest rate far in excess of what Citibank was paying. So, it's clear that Mr H knew what rates Citibank was paying and, unhappy with these, he'd shopped around and found a better deal that suited his needs. Even if I were to conclude that Citibank hadn't offered fair value, that wouldn't result in me telling the bank that it had to offer interest rates that matched the rates Mr H had secured with the other providers. As I've already said, Citibank was obliged to offer a "fair" deal, but it wasn't obliged to offer the best deal or match the one Mr H had found elsewhere.

As our investigator explained, in circumstances where we conclude a business has done something wrong, our role is to consider whether the consumer has made a financial loss and/or suffered material distress and inconvenience. And if it has, we tell the business how to put matters right. But for the above reasons, I'm not able to conclude that Citibank has treated Mr H unfairly overall or caused him a financial loss or any material distress or inconvenience. So, I can't fairly tell Citibank to take any further action in respect of this complaint.

### **My final decision**

For the reasons given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 June 2024.

Sandra Greene

**Ombudsman**