

The complaint

Mr G complains that Aldermore Bank Plc say he owes them interest due to an overpayment, and they provided him with poor customer service.

What happened

Mr G says that he contacted Aldermore on 18 July 2023 to seek information why he stopped receiving interest on his £500 savings balance, and he was told his interest had been paid for May. He contacted them again the following month as he hadn't received interest for that month either, and he was told he owed them money due to a previous overpayment of interest, which Mr G says he was not aware of, and it wasn't displayed online or on his statements. Mr G asked Aldermore for an itemised statement showing the total amount of money he owed them, and he says they told him that as he had two or more withdrawals, his interest dropped to 1%.

Mr G says he was told an itemised statement would be sent in the next few days, but when he received correspondence from Aldermore, the statement covered the period between 2 September 2022-29 May 2023, and there was no itemised information for the relevant period he asked for. He said they told him £24.37 had been overpaid in May 2023, and this would reduce on a monthly basis until the account returned to a positive figure (but it didn't show what interest would have been paid July-September 2023). Mr G says he asked for his account to be closed returning the full £500, but his account remained open. Mr G made a complaint to Aldermore.

Aldermore partially upheld Mr G's complaint. They said to ensure Mr G received his interest payment on 2 June 2023, the interest payment was prepared on 30 May 2023. Due to the withdrawal also made on the same date, Mr G was overpaid interest to the amount of £24.37. They said the interest payment of £251.94 was calculated based on the balance of £84,500 remaining in the account up to and including 1 June 2023. Aldermore paid Mr G £50 for not raising a complaint when he initially asked them to and for irrelevant information which could have caused further confusion. Mr G brought his complaint to our service.

Our investigator did not uphold Mr G's complaint. She said the terms and conditions reference potential negative interest due to the timings of interest payments and withdrawals, and £50 was fair for the service issues.

Mr G asked for an ombudsman to review his complaint. He made a number of points. In summary, he said he asked Aldermore to close his account on both 11 and 14 September 2023, he had not received any statements from Aldermore covering the months of July-September 2023 and the statement he was sent on 18 September 2023 showed balances up to 29 May 2023.

Mr G said he downloaded a statement from his online account on 19 January 2024 (he sent us this) and it shows no activity since 30 May 2023. He asked why it didn't show any interest payments since May 2023 or an outstanding negative interest balance as advised by Aldermore. Mr G asked why his statement shows an inaccurate balance of £500. He also wondered why the negative interest wasn't accessible anywhere on his online account, why

it wasn't given to him when requested and why it was not reflected in the balance available for withdrawal.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I'm aware that I've only summarised Mr G's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I must make it clear to Mr G that it is not within this service's remit to tell a business how they should operate their policies and procedures, such as any accounting practices, how they should display information on a statement or on their website, and their negative interest procedures. It would be the role of the regulator – the Financial Conduct Authority (FCA), who have the power to instruct Aldermore to make changes to their policies and procedures, if necessary.

I must explain to Mr G that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how Aldermore have investigated his complaint, such as the level of investigation they conducted does not come under my powers to consider.

I've considered whether Aldermore made an error with the negative interest they say Mr G owes. But the terms and conditions applicable to the account covers off this possibility as section eight of the terms say:

"Occasionally the timing of interest payments and withdrawals may result in a negative interest amount. If the account is closed before sufficient interest has accrued, any remaining amount of negative interest will be deducted from the balance of the account."

That is what happened here. As Aldermore carried out a calculation of the interest on the account on 30 May 2023, and Mr G withdrew £84,500 on the same day, this is why Aldermore paid Mr G more interest than he was entitled to. Aldermore have confirmed that before a customer can fully open an Aldermore online Savings account, they are required to read the terms and conditions before ticking the box to confirm that they have read these. They've confirmed Mr G would've been unable to proceed with the application unless this has been done. So I'm satisfied that Mr G was made aware of the possibility of negative interest before he opened his account, and therefore Aldermore made no error on this point.

I've considered what happened when Mr G realised there was no interest showing on his account. And I do think Aldermore let Mr G down with the service they provided him. Mr G asked them questions which Aldermore did not provide proportionate responses to him. He was told the interest was paid for the month of June, but it was actually for the month of May (albeit it credited his nominated account in June).

So Mr G was inconvenienced to have to continue to communicate with Aldermore due to the correct information not being given to him. It was only on 1 August 2023 that the chat agent mentioned negative interest to Mr G. But even this information was basic, and Mr G was told "You will be paid interest monthly again when this negative interest has accrued". But I'm not persuaded this is an accurate term as the negative interest wouldn't accrue (increase). And

based on Mr G's £500 balance, the negative interest would actually decrease each month that credit interest reduced the negative interest. It would have been reasonable for the chat agent to give to Mr G the negative interest figure, and a correct explanation of the negative interest.

If Mr G had been given this information and/or referred to the terms he agreed to, he may have understood why Aldermore told him about negative interest. Mr G attempted to close his account on 11 September 2023, and he used the chat facility to tell Aldermore it said he would receive £18.51 less due to interest owed. As Mr G attempted to close his account online and it told him the negative interest owed, I can't agree with Mr G that the negative interest was not shown anywhere online, as he could have gone to close his account at any time to see what the outstanding negative balance was.

But the response from the chat agent contained incorrect information. Mr G had also asked if he owed them money to explain why this was. The chat agent had an opportunity to refer Mr G to the terms he agreed to, and accurately respond to Mr G's question. But he responded with incorrect information regarding Mr G making two or more withdrawals, so the interest rate decreased to 1%. But not only did Mr G not make two withdrawals, the interest rate would have decreased if Mr G made three withdrawals, not two in an anniversary year (based on the information in the product summary box).

Mr G also asked for an itemised bill showing the amount due. So I'm satisfied he was clear he wanted to know a breakdown of the negative interest outstanding balance. He was told by the chat agent that they had "requested a copy of the interest statement as requested".

But the correspondence Aldermore sent Mr G didn't show the breakdown of the negative interest. While Aldermore said on the letter that "As you had a withdrawal from your account on 30 May, and we had also sent your interest payment for 2 June to your bank on this day, you were overpaid interest amounting to £24.37. The interest that was paid to you amounting to £251.94 was calculated on the basis that the full balance of £84,500.00 would remain in your account up to and including 1 June. As a result of this overpayment, the accumulated interest held on your account went into an overdrawn position and this has been reducing on a monthly basis as your account is still accumulating interest on the balance of £500", this didn't show the breakdown Mr G asked for.

So Mr G was not in an informed position regarding the interest earned on the £500 balance had on reducing the negative interest - as it was clear he asked for an itemised breakdown of the interest, which he didn't receive as requested. Aldermore have given us the breakdown of the interest from 2 June 2023-1 January 2024, which I understand our investigator has forwarded to Mr G to show the breakdown, but if Aldermore had sent the up to date figures at the time Mr G requested them, this could have saved the distress he had when they didn't include this information in response to his request.

I've considered what Mr G has said about Aldermore not closing his account when he asked them to. But on the chat message Mr G sent them on 11 September 2023, he didn't directly ask them to close his account. While he said he tried to close his account that day, he would have received £18.51 less. The chat agent said "As the account has been in negative interest this will be deducted when you close the account online". Mr G did not ask the agent to go ahead and close the account.

Mr G's complaint letter did say "I would respectfully request that you close my account and return the full £500 to my nominated bank account", but as Mr G had a negative interest balance then they were not obliged to pay the full £500 to Mr G's nominated account. And by this time, it was clear to Mr G he had a negative interest balance. If Aldermore had closed Mr G's account in response to either the message on 11 September 2023 or his complaint on

14 September 2023, then I think it would have distressed Mr G further when they reduced the £500 by the negative interest owed, as they weren't prepared to write this negative interest off at the time.

I've considered what Mr G has said about an inaccurate balance being displayed. And while I can understand the point Mr G is making, I'm not persuaded by his argument. I say this because as the negative interest is not deducted from the account until the point of closure, the balance would therefore remain unchanged. As Mr G's account isn't closed yet, then his balance would be £500, and that is why the negative interest wouldn't be shown in his balance for withdrawal. But Mr G would have been able to get the negative interest balance by going to close his account, as he was able to get this figure previously. In addition, if the balance reduced, so would the interest Mr G earned on the account (as it would be based on a lower balance than £500).

I asked Aldermore why the negative interest was not shown on Mr G's statement. They said that as the negative interest balance is not a transaction, this does not show on a customer's statement. I appreciate Mr G is likely to disagree with this statement, but the negative interest is applied at the point of closure, so I can understand why it is not shown on his statement as a transaction (as it doesn't apply at that point, and credit interest earned would reduce the amount outstanding, so this is why that wouldn't be shown otherwise it would appear Mr G's balance is higher than £500 when it wasn't). He should also be able to request this information directly from Aldermore – although I note he asked for this previously and wasn't sent it until our service became involved.

I've considered what would be a fair outcome for this complaint. As part of Aldermore's response to the further information I requested from them to help me investigate this complaint, they have said that "In respect of the negative interest balance currently on (Mr G's) account, we would be prepared to write this off in order for the full balance to be returned to the customer. If you could let us know if this would be acceptable to the customer so that arrangements can be made prior to the closure of the account as a manual interest adjustment would need to be made first".

Aldermore aren't required to write off the negative interest as this is explained in the terms which Mr G would have needed to agree to that this can occur. But since they have offered to do this, then if Mr G wants the account to be closed then he should let us know so that Aldermore can make the necessary arrangements prior to the closure to ensure he is paid the full balance.

Aldermore had paid Mr G £50 for the service issues he had. But I'm not persuaded that this recognises the impact of the multiple service failings which caused Mr G distress and inconvenience, which I've detailed above. And they also didn't raise Mr G's complaint when he initially asked them to, which caused him further distress.

So I'm persuaded that it would be more proportionate for Aldermore to pay Mr G a further £100 compensation (to total £150) for distress and inconvenience. So I intend to ask Aldermore to put things right for Mr G."

I invited both parties to let me have any further submissions before I reached a final decision. Both parties accepted the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask Aldermore Bank Plc to do the following:

Pay Mr G a further £100 compensation for distress and inconvenience;

(If Mr G still wants the account closed) Write off the negative interest balance and close the account. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint in part. Aldermore Bank Plc should do the following:

Pay Mr G a further £100 compensation for distress and inconvenience;

(If Mr G still wants the account closed) Write off the negative interest balance and close the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 May 2024.

Gregory Sloanes
Ombudsman