

## The complaint

Mr and Mrs W complain that the Union Bank of India (UK) Limited renewed their fixed term savings bond at a lower rate than that which was in the original email.

## What happened

Mr and Mrs W say Union Bank of India (“UBI”) emailed them on 8 November 2023 to say that their account would be automatically renewed on 9 November, at 6.15%. Mr W says that after he confirmed online, UBI emailed again to correct the rate to 6%. Mr W says that when he disputed this, UBI responded with a justification of the change. Mr W adds that when he requested UBI should honour the original interest rate, it maintained its position on the lower rate.

UBI says the due date of Mr and Mrs W’s bond maturity was 9 November 2023. It says that after several reminders dating from 20 September 2023, Mr and Mrs W did not send a response so, on 8 November 2023, UBI sent an email to inform them that the bond would be automatically renewed. It acknowledges that this email gave the interest rate as on 8 November 2023 as 6.15%. Less than two hours later, it says, a confirmation email was sent stating that the rate of interest would be the “*rate applicable on the date of maturity*”. Just after 9am the following day, UBI says it emailed Mr and Mrs W to confirm the rate of interest would be 6%. It says when Mr W emailed later that day to confirm that the rate would be 6.15%, he was told that the confirmation letter refers to the applicable rate. UBI explains that the bank revised its rate of interest on 9 November 2023.

Our investigator did not recommend the complaint should be upheld. He was satisfied that UBI administered the bond within the account’s terms and conditions and did not act in an unfair or unreasonable manner.

Mr W responded to say, in summary, that there was no ambiguity in the initial email which clearly states the interest rate would be 6.15%. He says that had UBI stated that the rate could differ on the maturity date then he would have known there was a risk associated with renewing the bond at the quoted rate of 6.15%.

## 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 am satisfied that UBI’s customer service associate was, at best, misleading when she wrote “*Therefore, for your new bond we will place for period of 1 Year with an interest rate of 6.15%*” in her initial email. As Mr W said in his response, if this had been qualified with

reference to the applicable rate on the renewal date, then the resulting interest rate would still have been somewhat disappointing but not wholly unexpected.

As it is, the timing of Mr and Mrs W's renewal date was unfortunate in that the bank reduced its interest rate the same day – a fact which I have verified independently.

Where a mistake has been made, as is the case here, I must consider what, if anything, Mr and Mrs W would have done differently had that mistake not occurred. In this case, I'm not persuaded Mr and Mrs W would have done anything differently. I say that because:

- On 9 November 2023, UBI offered Mr W the opportunity to remove his funds *"as an exception"* as a resolution to the issue, but he chose not to;
- Interest rates, in general, were on a downward trend and UBI itself had already reduced its rate in late October - one financial expert said at the time that *"I think the days of 6 per cent fixed-rate savings accounts will be gone within the next seven to 10 days"*.
- The financial press quoted UBI as the highest paying one year fixed-rate savings account at the time.

Therefore, I think it more likely than not that, if UBI had correctly quoted a rate of 6% initially, Mr and Mrs W would have renewed their bond regardless.

So, although I accept UBI's customer service associate was wrong to quote the figure she did, I don't find that this error has caused Mr and Mrs W any financial detriment as I'm satisfied their money would have remained in the same bond had the mistake not occurred.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 30 October 2024.

Amanda Williams  
**Ombudsman**