

## The complaint

M, a limited company, complains that Barclays Bank UK PLC was unfair in the credit interest rates it applied to M's accounts and provided poor service after M approached it about the issue.

## What happened

M is a professional firm and was a longstanding client of Barclays. In March 2023 M emailed Barclays, commenting that the credit interest rates applied to its accounts seemed a little low compared with those enjoyed by other similar clients of Barclays. It said it was being contacted by "*multiple banks offering a huge interest hike in comparison to our current rate*".

Bespoke interest rates slightly above the advertised account rates were already being applied to M's accounts, and Barclays wasn't initially willing to review them. But in early August 2023 Barclays agreed to increase the credit interest rate on M's client account to 3.5%. This took into account the average balances on the client account that year, which Barclays said were approximately £6.5m. The rate was agreed for 12 months, and was subject to review if the balance dipped below £5m. Barclays backdated the rate to 2 August 2023 to make up for a short administrative delay in applying it.

M says Barclays paid interest at 1.39% throughout the period from July 2022 to August 2023. It says the average balance in its accounts during that period was more than £8.5 million, so it missed out on a significant amount of interest due to the low rate. It says Barclays was paying interest at much higher rates to nearby competitors, who were receiving interest at just below the base rate on all their accounts. It says those competitors have similar account balances to M, and M says it pays similar account fees to those competitors, so it can't see any justification for different treatment.

M believes that Barclays was discriminatory in applying more attractive interest rates to its competitors' accounts, and gave those competitors an unfair advantage by doing so. It believes that Barclays was taking advantage of market domination. And it says it's had to charge its clients higher fees to make up for the lack of interest income.

M would like Barclays to pay interest on all its accounts at a rate in line with that paid to its competitors from the date when M first approached Barclays about the interest rates.

In its response to M's complaint, Barclays apologised that M had had cause to complain. It said it was sorry that M had felt ignored when it had contacted Barclays about the interest rates. It also apologised for some administrative errors in its communications with M. And it offered M £500 to recognise the inconvenience it had been caused. M wasn't satisfied with Barclays' response, and brought its complaint to this service.

One of our investigators considered the complaint, but thought that what Barclays had already offered to do was fair. He said, in summary, that Barclays was entitled to make a commercial decision about what interest rates to offer a client. And he said that M had the option to bank elsewhere if it wasn't happy with the rates that Barclays was willing to offer it.

M disagreed with the investigator's view, so the complaint's been passed to me.

### **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 conclusion as the investigator, and for similar reasons.

The interest rate on M's accounts wasn't linked to the base rate. Standard interest rates for the types of account that M had were published, and I've seen nothing to indicate that Barclays paid M interest at rates below the published rates. In fact when M approached Barclays in March 2023 about the rates it was receiving, Barclays was already paying slightly more than the standard published rate on M's accounts.

M has commented that its balances were, in fact, higher than the £6.5m average that Barclays mentioned as the basis for having agreed the increased rate on the client account. But Barclays referred to average balances of £6.5m "this year". While figures that M has provided show that the total average balance it held at the bank was higher than that if M's own office bank account was included, the average balance on the client account had been around £6.5m from the beginning of 2023.

M has commented that Barclays was influenced by the respective number of employees in the different way it dealt with M's accounts and those of its competitors. There may have been any number of reasons why Barclays was willing to offer better interest rates to other firms in M's area. But provided that it wasn't paying less than the advertised rate, Barclays was entitled to make a commercial decision as to what interest rates it was willing to apply to M's accounts and I can't interfere with that.

I acknowledge that M had been a customer of Barclays for many years, and that changing banks (which M has told us it's now done) can be a time-consuming process, particularly for business customers. But ultimately, if M was dissatisfied with the rates that Barclays was willing to offer it, it did have that option. It referred in March 2023 to the significantly higher interest rates it had been offered by other banks. I can understand why M considered it worth asking Barclays if it would increase the rates. But it was for Barclays to decide whether it was willing to do so, and if so by how much. And it was then for M to then decide whether the prospect of the rates offered elsewhere was attractive enough to justify the time and effort involved in switching banks.

I've seen nothing to suggest that M contacted Barclays about its dissatisfaction with interest rates before March 2023. Barclays has acknowledged that its communication with M was poor after M approached it. But I consider the compensation that it's already offered M to be generous and I don't consider that I can fairly require Barclays to do more.

### **My final decision**

Barclays has already made an offer to pay M £500 to settle the complaint and I don't find I can fairly require it to do more. So my decision is that Barclays Bank UK PLC should pay M £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 30 August 2024.

Juliet Collins  
**Ombudsman**