

## **The complaint**

Mr D complains that Zopa Bank Limited declined his request for interest accrued on a fixed rate bond to be paid to him directly instead of being added to the balance.

## **What happened**

In April 2021 Mr D opened up a five year fixed rate bond with Zopa Bank. Mr D made deposits totalling £85,000 and has explained it was his intention to keep the balance at that level to benefit from Financial Services Compensation Scheme (FSCS) protection.

Zopa Bank opened the bond on 4 May 2021 and added interest accrued each month to the balance. Earlier this year when the balance had reached over £88,000, Mr D contacted Zopa Bank and asked it to pay him the interest his savings had accrued to bring the balance back down to £85,000. Mr D's explained he's concerned that if Zopa Bank fails the interest his bond has accrued won't benefit from FSCS protection.

Zopa Bank issued a final response on 4 June 2024 but didn't uphold Mr D's complaint. Zopa Bank explained there was no option for Mr D to receive regular interest payments from the five year fixed rate bond. Zopa Bank said its terms and conditions confirmed interest accrued would be added to the balance and that Mr D would have access to the total funds held at the end of the fixed term in 2026.

An investigator at this service looked at Mr D's complaint. They weren't persuaded Zopa Bank had made a mistake or treated Mr D unfairly by rejecting his request. Mr D asked to appeal and said he had genuine concerns that Zopa Bank may go bust before the end of the term so only his original investment of £85,000 would be protected by FSCS. Mr D added that he's elderly and vulnerable and that the lack of protection for savings held over £85,000 was causing considerable anxiety. As Mr D asked to appeal, his complaint has been passed to me to make a 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I think the fairest starting point is to check what Mr D agreed to when he opened the five year fixed rate bond with Zopa Bank. The way the bond operates, including how interest is accrued and paid, is set out in the terms and conditions Mr D was required to accept before opening. The terms and conditions give the following information:

*6.2 We apply gross interest on the balance of your fixed term savings account, which means we will not deduct tax. Interest is calculated daily on your entire balance (including interest paid) and added to your fixed term savings account monthly.*

*We will apply interest at the fixed rate specified in the Summary Box from the day you deposit funds into your Fixed Term Savings account.*

*6.5 Interest paid cannot be withdrawn before the end of the fixed term.*

*7.3 At maturity, the full balance will automatically move into your Savings Holding account awaiting your instruction.*

*10.1 There is no right to cancel this agreement and close a Fixed Term Savings account once you have deposited funds into it. Funds are committed for the entire fixed term.*

As noted above, 6.2 of Zopa Bank's terms says interest will accrue on the entire balance and added to the account monthly. Section 6.5 explains that interest paid cannot be withdrawn before the end of the fixed term which will be 2026 for Mr D. Section 7.3 notes the account balance will be paid on maturity and 10.1 says there's no right to cancel or close the account until the end of the fixed term. So whilst I understand why Mr D wants Zopa Bank to pay him the interest his savings have accrued, I'm satisfied the terms of the five year fixed rate bond he accepted specifically confirm that interest won't be paid until the end of the term.

I'm sorry to disappoint Mr D but I'm satisfied that Zopa Bank's decision not to pay him the interest his savings have already accrued is in line with the terms and conditions he accepted when he opened the five year fixed rate bond. I haven't seen anything that shows Zopa Bank's made a mistake.

I note that in Mr D's correspondence with our investigator he argued the information about how interest is paid is buried in the terms. But I didn't find that to be the case. The terms are clearly set out with section six specifically detailing how interest is accrued and paid. I haven't been persuaded that information about how interest is accrued and paid was hidden or unclear.

In response to the investigator, Mr D explained that he's elderly and that the lack of protection for the interest his savings have accrued under the FSCS is causing an unnecessary level of anxiety. I understand Mr D's concerns and worry at the lack of total protection for his savings. But I haven't been persuaded that means I can tell Zopa Bank to administer his account outside of the terms and conditions Mr D accepted in 2021. I'm sorry to disappoint Mr D but as I haven't found evidence that shows Zopa Bank made a mistake or treated him unfairly, I'm unable to tell it to release the interest he's accrued until the end of the term in 2026.

When Zopa Bank responded to Mr D's complaint it offered him £40 for the service provided and the way his calls were handled. I'm satisfied £40 is a reasonable reflection of the distress and inconvenience caused to Mr D and is a fair way to resolve his complaint. As I'm satisfied Zopa Bank has already made an offer that is fair and reasonable in all the circumstances I'm not telling it to do anything else.

### **My final decision**

My decision is that Zopa Bank Limited has already agreed a settlement that is fair and reasonable in all the circumstances.

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

Marco Manente  
**Ombudsman**