

The complaint

Mr W complains Santander UK Plc (“Santander”) changed the rate on his savings account despite saying the interest rate at the outset would be in place for 12 months from opening.

What happened

Mr W complained to Santander after it gave him notice on 8 March 2024 that it planned to reduce the rate of interest on his Limited Edition Easy Access Saver account in two months. When Mr W opened the account on 6 September 2023, he thought the wording in the Key Facts Document (“KFD”) meant the rate advertised at that time would be paid for 12 months from the account opening. And that the word variable meant Santander could only change the interest rate after 12 months.

Santander didn’t uphold the complaint. It told Mr W in its final response on 15 March 2024 there was a variable rate for 12 months on this saving product and that after 12 months the account would revert to an Everyday Saver. It told Mr W this was referred to in the terms and conditions. So, they wouldn’t uphold the complaint as no error had been made by the bank.

Our investigator didn’t uphold the complaint. He thought the KFD clearly stated the interest rate was variable which meant it could go up or down at any time. And it also went onto state - in response to a specific question - that Santander could change the rate as explained in the general terms and condition.

Mr W disagreed. He thought the investigator had placed too much importance on Santander’s use of the word variable and not enough on the 12 month time period mentioned. He was of the firm belief that the inclusion of the wording “... *for twelve months from account opening*” changed things materially. He said by stating a specific rate of interest and a specific length of time the implication was that Santander would pay the specific rate for the stated period. He asked for the matter to go to an ombudsman for a final 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.

Having done so, I’ve come to the view this isn’t a complaint I can uphold. I’ll explain why. Our investigator has set out the relevant extracts from the KFD in his view, so I shan’t repeat them here. The information in both the terms and the KFD satisfy me this is a variable rate product and, I think, that was set out clearly in the KFD.

The mention of the 12 month time period, I think, relates to the AER - Annual Equivalent Rate - calculation. That’s given by a bank to make it easier for customers to compare savings accounts that might have differences between them. In this KFD it is used to illustrate the difference in the AER depending on whether a customer elects to receive interest monthly or annually. So, I’m not persuaded the mention of the 12 month time period here implies Santander would pay that specific rate for the stated period.

I think it's clear from the use of the word "*variable*" and the answer to the specific question "*Can Santander change the interest rate*" that the rate paid on this account can change. If it wasn't - and the rate was locked in - I'd expect to see clear reference to that rate being fixed. But that's clearly not the case here. And in respect of the rate change itself Santander have given just over the two months' notice as required under the terms. So, I can't say it has done anything wrong here.

I understand Mr W feels frustrated with this situation and appreciate he feels strongly about this. But for the reasons I've given above, I don't think Santander have done anything wrong and I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 November 2024.

Annabel O'Sullivan
Ombudsman