

The complaint

Mrs P complains about the interest rate and the service she received when she opened an ISA with Cynergy Bank Plc ("Cynergy").

What happened

Mrs P is receiving help from a relative to bring this complaint. But, for ease of reading, I'll refer to all submissions as having been made by her directly.

On 4 August 2023, Mrs P applied to Cynergy for an ISA. She had seen details of the account on a comparison website and selected it based on the advertised interest rate of 4.4%. She says she clicked the link on the comparison site and was directed to the Cynergy site. She says she entered the details requested by Cynergy and authorised the transfer of funds from her existing account with another bank.

Mrs P says she didn't hear anything further from Cynergy, although Cynergy says it tried to call her on 10 August and left a voicemail. Mrs P rang Cynergy on 16 August. Cynergy confirmed that it had received the funds. It said they had been placed into a variable rate account which was paying interest at 0.25%. Mrs P queried this as she had expected to receive 4.4%. Cynergy said it would open an Online ISA for her (which was the account paying 4.4%), move the funds into it and request that the interest be backdated.

But the funds weren't moved into another account, so Mrs P continued to earn interest at 0.25% rather than 4.4%. She raised a complaint on or around 24 August. Cynergy responded to the complaint on 13 October. It said that Mrs P had applied for its Variable Rate Cash ISA (paying interest at 0.25%), not the Online ISA which paid interest at 4.4%. It said it had opened the correct account based on her application.

But it said that Mrs P had been given incorrect information when she called on 16 August. Contrary to what Mrs P was told, Cynergy couldn't open the Online ISA and move the funds into it for her. This was something that Mrs P needed to do herself, through online banking. Cynergy upheld this part of Mrs P's complaint and offered her compensation of £50.

Mrs P wasn't happy with Cynergy's response and transferred her funds to a different provider. She had earned interest of approximately £50 while the funds were with Cynergy. But she says she would have earned approximately £750 if she'd received the advertised rate of 4.4%. She brought the complaint to this service and said that Cynergy should pay the difference. Cynergy didn't agree. It said it had told Mrs P on 26 August that she would need to apply for the Online ISA herself.

I issued a provisional decision on 2 July 2024, indicating my intention to uphold this complaint. I recommended that Cynergy should pay interest on Mrs P's funds at 4.4% from 4 August 2023 to 10 November 2023, less the interest it has already paid. Mrs P accepted the provisional decision. Cynergy agreed to pay interest from 16 August 2023 to 10 November 2023. But it didn't think it should pay interest from 4 August to 15 August 2023 because it said it hadn't done anything wrong by opening the variable rate cash ISA for Mrs P. I sent

Cynergy's comments to Mrs P, who thought that interest at the higher rate should run from 4 August 2023. Her comments have been shared with Cynergy.

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.

After careful consideration of the comments from both parties, I haven't changed my mind about what would be the fair outcome here. So, I'm going to uphold the complaint and award the redress which I indicated in my provisional decision. My reasons are set out below.

Cynergy offers two cash ISA's – one for a fixed term and fixed interest rate, the other with no fixed term and a variable interest rate. It also offers an Online ISA which is distinct from these two cash ISA's. It says that Mrs P applied for a cash ISA, not the Online ISA. I'm satisfied that's the case. In her application, Mrs P opted not to fix the funds for a specific term. Cynergy says that's why the variable rate cash ISA was opened. I think that's reasonable. From the evidence I've seen, I don't think Cynergy made a mistake by opening this type of account for Mrs P as she had completed the application form for this type of account. Cynergy valued the funds to 4 August 2023, so that Mrs P would earn interest from that date. I think that was fair.

But Mrs P says that she clicked a link on the comparison website (which was showing the ISA with an interest rate of 4.4%) and this took her to Cynergy's application form. She says the interest rate wasn't stated on the form and there was nothing to suggest she wasn't applying for the account with the rate of 4.4%. I think Cynergy's own website is clear as to the types of account on offer, although I haven't seen anything which states that the variable rate cash ISA pays 0.25%. But I haven't seen the actual page Mrs P was taken to when she left the comparison site. I find that Mrs P intended to apply for the ISA which was paying 4.4%. It's clear that she didn't realise she was applying for the variable rate cash ISA at 0.25%. But, from the information I've seen, I can't safely conclude that this was due to a mistake by Cynergy. In any event, I think the issue could have been resolved satisfactorily if Mrs P had been advised correctly when she called Cynergy on 16 August. Cynergy accepts that Mrs P was given incorrect information during this call.

Mrs P was told that Cynergy would open the online account for her, transfer the funds into it and request that the higher rate of interest be backdated. Mrs P had no reason to do anything following this call. But, as is now known, Cynergy couldn't open the account or move the funds across. So, Mrs P was going to continue earning interest at just 0.25% until she took steps herself to open another account. But she didn't know this until Cynergy told her. What I need to decide is when Mrs P was made aware that Cynergy couldn't move her funds and that she would need to open a new account herself.

I don't think Cynergy told her this clearly until it responded to the complaint on 13 October. I'll explain why.

On 17 August, Cynergy sent Mrs P an ISA certificate which confirmed that her funds were earning interest at the variable rate of 0.25%. As this was produced the day after the call, I think Mrs P could reasonably have disregarded it, thinking it had been superseded by her instructions on the call. In any event, she says she received the certificate on 24 August and raised the complaint at that point due to concerns about delay in setting up the correct account.

I find that Cynergy had tried to call Mrs P in the meantime, on 23 August, to tell her she would need to apply for the Online ISA herself. But, as the call attempts weren't successful,

Mrs P couldn't have known at this point that she needed to take any action. She received an email from Cynergy on 24 August. But this didn't say anything about the need to set up the online account. It simply asked Mrs P to contact the Customer Service Team.

Mrs P called Cynergy on 26 August and I've listened to this call. She said her relative had received a letter to say the complaint had to be authorised by her and that was why she was calling. She said she was finding it very stressful. There was some discussion about the need for Mrs P to answer security questions herself each time she calls, because there is no power of attorney in place, and then pass the call over to her relative. During the call, the agent said that the bank couldn't set up an Online ISA and that Mrs P would need to do that herself. She said she had done this with help from her relative. The agent said they couldn't find any information about this, at which point Mrs P said she couldn't go on with the call and couldn't cope with it. She also commented several times that she couldn't hear what the agent was saying.

So, the agent did say that Mrs P would have to apply for the online account herself. But I think it was clear at the time that Mrs P didn't understand this and the conversation was at cross-purposes. Mrs P had called simply to authorise Cynergy to deal with her relative over the complaint. The agent introduced the topic of power of attorney and phone security which I think caused confusion and dominated the call. When the agent mentioned the online account, he didn't make it clear that there was a distinction between the account Mrs P held (which she had applied for online) and the type of account she needed to open or why she needed to open it. He didn't refer to Mrs P's call on 16 August and didn't say that the information given on that call was wrong.

Overall, I think the information given by Cynergy on this call was very unclear. Its notes confirm that the agent had difficulty explaining to Mrs P that she would need to apply for an Online ISA herself. The notes say that the purpose of Mrs P's call was to tell Cynergy that her relative speaks on her behalf. I'm satisfied that Mrs P didn't appreciate that she would need to apply for another account herself (contrary to what she'd been told before) if she wanted to earn interest at 4.4%. And I think Cynergy should have known from the conversation that Mrs P hadn't understood this. I don't think this conversation can reasonably be relied on as notice to Mrs P that Cynergy wasn't going to move her funds into the higher rate account, contrary to what she had been told previously.

Cynergy didn't follow up the call with any other communication about the Online ISA or the interest rate. Meanwhile, Mrs P had raised a complaint and says she expected Cynergy to sort it out. I don't think she had reason to think she needed to do anything else until she received Cynergy's response to the complaint in October. That was the first time Cynergy told Mrs P that she had been misinformed on 16 August. And I find it to be the first time Cynergy made it clear that Mrs P needed to take steps herself to set up an Online ISA. It was also the first time it became apparent that Cynergy was not going to adjust the interest rate to 4.4% and backdate this.

Mrs P says she applied to transfer her ISA to another provider on 28 October. I think that's reasonably prompt following receipt of Cynergy's letter. The funds were transferred to the new provider on 10 November and Mrs P didn't have control over that timescale.

When Cynergy opened Mrs P's account, it valued her funds to 4 August 2023. In the call of 16 August, the agent said that the account was only paying interest at 0.25%. He explained that this type of account was more of a holding account and that Cynergy needed to confirm if this was what Mrs P wanted to open or if she wanted to open an account with a higher rate of interest. This indicates that Cynergy doesn't expect customers to want to leave their funds in an account paying so little. It clearly wasn't Mrs P's intention to move her savings into an account with such a low interest rate and I haven't seen anything which shows that Cynergy

made it clear at the point of application that this was the applicable rate. I don't think Mrs P could have known before this call that her new account was paying such a low rate of interest. As soon as she knew, she asked Cynergy to change it to the higher rate account and backdate the interest. The agent gave the impression that this would happen.

In the circumstances, I think the fair outcome here would be for Cynergy to pay Mrs P interest on her funds at the rate offered on the Online ISA (4.4%) from 4 August 2023 (the accepted value date of the account) to 10 November 2023 (the date the funds were transferred out of the account), less the interest it has already paid.

My final decision

For the reasons above, I uphold this complaint. Cynergy Bank Plc should pay Mrs P interest on £63,794.60 at the rate of 4.4% from 4 August 2023 to 10 November 2023 less the interest already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 6 September 2024.

Katy Kidd
Ombudsman