

## **The complaint**

Mr C complains that he wasn't paid enough interest on his one-year fixed ISA by Santander UK Plc (Santander).

## **What happened**

Mr C opened a one-year fixed rate ISA on 29 April 2023. The rate was 4.15% per annum.

The funds amounted to £148,330.11 and were transferred in from another bank. The ISA was credited with the money on 19 June 2023. The one-year fixed period ended on 1 May 2024.

On 2 May 2024, Santander credited Mr C's fixed rate ISA with interest of £5,340.61, bringing the balance to £153,670.72.

On 9 May 2024, the account was closed. Further interest of £40.31 was credited at a rate of 1.2% per annum – for the period between 1 May 2024 and 9 May 2024. So, the balance was then £153,771.03 – and was transferred to another bank.

*Mr C complained.* He said:

- he hadn't received enough interest from Santander and should've got another £800.
- Later on in our investigation he asked what had happened between 1 May 2024 and 9 May 2024 – and where was the interest for that period.
- he said he visited a branch of Santander and was told the fixed rate ISA would mature on 1 May 2024. That couldn't be right – as it started on 19 June 2023. So, he said he was misinformed and this caused him a financial loss of £800.

*Santander said:*

- The bank pays interest on the funds in the account. The fixed rate ISA was credited with the money on 19 June 2023. That's when the account started to pay interest.
- Interest was paid for 318 days through until the account matured.

*Mr C didn't agree and brought his complaint to us.* Our investigator didn't uphold it and said:

- Santander acted within their terms and conditions.
- Interest was paid on the account from 19 June 2023 until 1 May 2024. The bank can only pay interest from when the funds were in the account.

- The fixed rate ISA matured one year from when it was opened on 29 April 2023.

Mr C didn't agree and asked that an ombudsman look at his complaint, and so it has come 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.

Taking Mr C's points in turn:

#### *Not enough interest paid for the year 19 June 2023 to 1 May 2024:*

I looked at Mr C's account. He was paid interest from 19 June 2023 to 1 May 2024 on a balance of £148,330.11 – at a rate of 4.15%. That was for 318 days and worked out at £5,340.61.

I'm happy this was the correct amount of interest. Mr C has said it should be 323 days (in his letter dated 9 August 2024) but that's not the case. In his letter he included six days in May 2024 – but the account matured on 1 May 2024, so he overcounted by five days in his letter.

#### *Should interest be paid from 29 April 2023 to 1 May 2024?:*

Santander can only pay interest on the money in the account – and the funds arrived in it on 19 June 2023, and that's when the bank paid interest from. And so what Santander did was correct.

I saw that Mr C's ISA application form was dated 1 June 2023 – so it was never going to be possible to have the money transferred into the Santander fixed rate ISA until after that date.

#### *Should interest be paid up to 19 June 2024 – one year from 19 June 2023?:*

Santander can only be expected to pay interest on the money in the account – which was between 19 June 2023 and 1 May 2024. So, the bank cannot be expected to pay interest up to 19 June 2024.

#### *What Mr C was told in the branch:*

In his letter dated 9 August 2024, Mr C said "I walked into the local Santander branch and was advised the ISA would mature 1 May 2024, but this was not correct as the ISA became active 19 June 2023. Clearly I was misadvised and misled."

I considered what Mr C has said – and am satisfied he was correctly advised by the branch – his one-year fixed ISA did mature on 1 May 2024.

#### *What happened between 1 May 2024 and 9 May 2024:*

Mr C has asked – what about the interest for this period. In its letter dated 15 April 2024, Santander stated that the one year fixed ISA would mature on 1 May 2024 and after that time, interest would be 1.2% per annum. In the letter the bank offered alternative ISAs. As Mr C didn't do anything with the matured funds straight away (on 1 May 2024), the interest

paid ran at the lower rate for nine days – so £40.31 was credited to the account on 9 May 2024.

So, I'm satisfied Santander were correct in what they did.

Communications:

I reviewed all the letters and statements sent to Mr C and am satisfied they set all this information out to him clearly.

Summary:

I hope Mr C has found this helpful in setting out what happened here. And having looked into his complaint, I am happy that Santander acted fairly and reasonably and therefore I do not uphold his complaint.

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 January 2025.

Martin Lord  
**Ombudsman**