

## **The complaint**

Mr R complains that Barclays Bank UK PLC failed to deal with his request to move his money into an account offering a better rate of interest in 2020.

## **What happened**

When Barclays responded to Mr R's complaint, it apologised for not looking into his wish to move money to an account paying a better rate of interest when he raised this on 22 October 2022. For this oversight, Barclays offered to backdate interest to 22 October 2022 and pay compensation of £175.

Mr R was unhappy that Barclays would only backdate interest to 2022. He said he had raised the issue of interest in early 2020 but suggested 2021 as a compromise.

After Barclays made an offer to settle Mr R's complaint, our investigator explained that it would pay 3% interest on the sum of £95,000 from 22 October 2022 to 13 August 2024 – the date on which he opened his new accounts with Barclays. Our investigator considered the offer was fair.

Mr R didn't accept Barclays offer. He said Barclays had been waiting to find out where he was going to deposit his money, before calculating the backdated interest. Mr R said that a Barclays cash ISA is paying 4.55% and a Barclays one year bond is paying 4.65%. So, the average interest rate should be 4.6%, not 3%. Mr R says he would never have put his money into an account paying the low rate of 3%.

Our investigator went back to Mr R to say that she had looked at the historic rates for Barclays' ISAs and bonds. She found that Barclays was offering less than 3% interest between 2019 and 2022. So, even if Barclays had actioned Mr R's request at the time, he would not have benefited from a higher rate of interest.

Mr R responded by saying that the interest rates between 2019 and 2022 were irrelevant as Barclays had only offered to backdate interest to October 2022. Mr R asked what interest rates were available between October 2022 and October 2024 and wondered how Barclays had arrived at 3%.

As Mr R disagreed with the investigation outcome, the complaint came to me to make a final decision. After considering his complaint, I agreed that Barclays should pay more interest than it had previously offered. As this was a change in outcome, I issued a provisional decision on 12 November 2024, which said:

I appreciate that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern us, together with the informal nature of our service, allow me to take this approach. But this does not mean I have not considered everything the parties have given to us.

I understand that Mr R would have preferred Barclays to backdate interest to 2020 or 2021, but like our investigator, I don't have enough evidence to conclude that he

asked to move his funds before October 2022. This means I find it fair to use October 2022 as the date to which Barclays needs to backdate interest.

This leaves me with the question of whether Barclays offer to pay 3% interest from 22 October 2022 to 13 August 2024 is fair. Having considered the points Mr R has made, together with the available information about Barclays' historic rates, I think that Barclays should be paying more interest than it has offered so far and will explain why.

Mr R had just under £93,000 which he wanted to invest in October 2022. So, when deciding how to put him back in the position he would have been had Barclays acted on his request, I need to consider the products available to him at the time. Although Barclays has flagged up the difficulties of taking instructions from Mr R due to his personal circumstances, I don't think this should have made it impossible for Barclays to have set the savings accounts up as it was able to do this in August 2024.

From 12 October 2022, Barclays offered a one year flexible ISA paying interest at 2.85%. Similarly in October 2022, Barclays offered a one year fixed rate savings bond paying 2.75%. So, our investigator is right to say that the rate of 3% which Barclays has offered to use to backdate interest to October 2022 seems fair.

However, if Barclays had done what it should have and had helped Mr R to invest in an ISA and fixed rate bond in October 2022, the accounts would have matured in October 2023. I appreciate that it is not always possible to know exactly what financial decisions someone would have taken in the past. But I think it's reasonably foreseeable that having already invested a substantial sum of money in October 2022, Mr R would have then chosen to try and maximise his return in 2023.

In October 2023, Barclays was paying a much better rate of interest on savings – 5.25% for a one year flexible ISA and 5.35% for a one year fixed rate bond. It seems likely to me that having already invested his money in October 2022, Mr R would have then looked to invest the maturing funds in October 2023 into the best paying investments available to him.

My understanding is that Mr R had around £93,000 in October 2022. He could have invested £20,000 into a flexible ISA and the remaining balance into a fixed rate bond. And then done the same thing in October 2023. So, I think that Barclays should compensate Mr R for the interest he lost out on from 22 October 2022 until 13 August 2024, based on the amount of money he had to invest in 2022 and using the actual interest rates it would have paid to him in October 2022 and then in October 2023. Barclays can deduct any interest it paid to Mr R during this time from the award of interest.

Barclays has already offered to pay Mr R £175 compensation to apologise for its mistake and I think this is a fair award to make.

I then set out how Barclays should put things right for Mr R.

### **Further submissions**

Barclays accepted my provisional decision but Mr R made some further submissions for me to consider.

Mr R said he was happy that I had broadly agreed with him about loss of interest but wasn't

sure that I was aware of the whole situation. Mr R explained that although his circumstances at the time contributed to the problems he faced getting Barclays to invest his money, the main fault lay with Barclays. Mr R said that the specialist team at Barclays – who he was later put in contact with - could have helped him much sooner.

Mr R said he hoped to find evidence that he had asked Barclays to invest his funds prior to October 2022. Mr R thought that Barclays had lost letters which would have backed up what he was saying on this point. However, he understood that I had taken a view on this when issuing my provisional decision.

Finally, Mr R pointed out the upset he felt when Barclays initially made the offer to backdate interest and then withdrew this offer. He asked whether there should be a separate complaint on this point.

### **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 appreciate Mr R is sure that he asked Barclays to invest his money earlier than 2022. But as I explained to him, I can only go on the evidence I have. Barclays doesn't have any record of receiving a request to move Mr R's funds before October 2022. This makes it difficult for me to find that Barclays should backdate interest to an earlier date.

After Mr R pointed out the upset and distress he felt when Barclays withdrew the offer to backdate interest, I apologised for not referring to this in my provisional decision. I could see that Mr R had previously raised concerns about the withdrawal of the offer of interest in correspondence with our service. Barclays also addressed these concerns together with the failure to signpost Mr R to the specialist team, as part of its' second final response letter in August 2024 and paid £100 to apologise. This is in addition to the £175 Barclays had already credited to Mr R's account.

Mr R says that Barclays' withdrawal of the offer placed him under unnecessary stress at an already stressful time, and I can understand why. So, as part of my final decision, I am asking Barclays to pay a further £50 compensation for the upset caused.

I understand Mr R's concerns about the problems he faced contacting Barclays, including the delayed involvement of the specialist team. But overall, I consider that an award of compensation - which will now total £325 - is fair.

For the sake of clarity, my award of compensation is based on the £175 offered in June 2024, £100 offered in August 2024 and a further award of £50 to reflect the upset caused when Barclays temporarily withdrew the offer of compensation.

My understanding is that Barclays has already credited Mr R's account with a total of £275. If this is correct, Barclays can deduct any sums already paid from my award of compensation below.

Finally, as our investigator has explained to Mr R, if he accepts my final decision, it will be for Barclays to calculate and then pay interest in line with my directions below. I have however asked Barclays to supply Mr R with a breakdown of the calculation it uses.

### **Putting things right**

To put things right, Barclays should:

- Pay Mr R the interest he would have earned if, on 22 October 2022, he had invested £20,000 into a one year flexible ISA paying interest at 2.85% and invested the remaining available funds held at the time in his Barclays' savings and current accounts into a one year fixed rate savings bond paying 2.75%\*.
- Pay Mr R the interest he would have earned between 22 October 2023 and 13 August 2024, if on 22 October 2023, he had invested £20,000 into a one year flexible ISA paying interest at 5.25% and invested the remaining maturing funds into a one year fixed rate bond paying interest at 5.35%\*.
- Barclays can deduct any interest already paid to Mr R on the money he held in his Barclays' current and savings account during the above periods.
- Supply Mr R with a breakdown of the calculation of interest.
- Pay Mr R a total of £325 compensation from which it can deduct any sums already paid.

\*If Barclays considers that it's required by HMRC to deduct income tax from that interest, it should tell Mr R how much it has taken off. It should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

### **My final decision**

My final decision is that I uphold this complaint. In full and final settlement, I require Barclays Bank UK PLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 February 2025.

Gemma Bowen  
**Ombudsman**