

The complaint

C complains about that Stat Bank Of India (UK) Limited (SBI) failed to pay interest on savings.

What happened

The background to this complaint and my initial conclusion were set out in a provisional decision. I said:

In January 2023 Mr K, C's director, met with a banker at SBI to discuss savings arrangements for the business. Mr K's explained he wanted to place funds into a one year fixed rate deposit account to benefit from the interest rate. Mr K submitted information from C to complete account opening checks and an Account Opening Form via the banker. The Account Opening Form indicated Mr K wanted to open a savings account and fixed deposit account in C's name. SBI says both its business savings account and business fixed deposit accounts have a minimum balance of £10,000 before interest is payable.

On 31 January 2023, SBI's banker sent Mr K an email that confirmed C's account was open. The banker attached details of the account and asked Mr K to confirm once funds were available to make fixed deposits. On 4 February 2023 a follow up email was sent to Mr K asking when funds could be expected for the fixed deposit instructions. Another email was sent to Mr K by SBI on 21 February 2023.

On 13 March 2023 Mr K emailed SBI's banker and confirmed he'd made a deposit after transferring £500 into C's account. Mr K asked the banker to confirm the rate payable and asked questions about how the fixed deposit account worked. On 14 March 2023 Mr K deposited a further £5,000 into C's business savings account. Neither of these deposits were transferred into the fixed rate deposit account. On 14 March 2023, SBI's bank emailed Mr K back and provided details of how internet banking could be set up for C. SBI also explained that once funds were placed in the fixed deposit account no withdrawals could be made until the maturity date. SBI also sent Mr K details of the fixed deposit rates payable at the time.

In May 2024, Mr K contacted the banker at SBI after finding C's funds hadn't attracted any interest since March 2023. Following emails with the banker, Mr K complained that he hadn't been told about the £10,000 minimum balance requirement for interest to be payable. Mr K also said he'd agreed a fixed interest rate for the fixed deposit account of around 4%. Mr K says that when he spoke with SBI's banker on the phone, they tried to persuade him to keep C's funds with the bank by offering a preferential rate of interest but that didn't come to pass.

SBI issued its final response to C's complaint by email and said Mr K had signed the application form to confirm he'd read and understood the relevant terms and conditions. But SBI said it was unable to confirm the branch provided Mr K with a copy of the terms and conditions either physically or by email. SBI upheld C's complaint and offered to pay £117.76 representing the interest the funds would've received in the savings account at a rate of 1.7% up to 14 September 2023 and 1.95% up to 8 May 2024. After Mr K emailed back and pointed out the aim was to deposit funds into the fixed deposit account at a higher rate of interest, SBI agreed to pay C a total of £250 to cover the interest its funds would've received

in the fixed deposit account at a rate of 3.5% and a little extra for the inconvenience caused. Mr K didn't accept and said he thought the interest rate was higher. SBI went on to withdraw its offer to settle C's complaint.

An investigator at this service upheld C's complaint in part. They weren't persuaded that SBI needed to cover the interest Mr K said C had lost out on. But the investigator asked SBI to pay C £200 for the inconvenience caused by the way its accounts had been handled. Neither Mr K or SBI accepted the investigator's recommendations. Mr K said SBI should pay compensation to cover the missed interest and inconvenience caused to C. SBI said it was willing to pay C £75 in recognition of the inconvenience caused but didn't agree there were reasonable grounds to award interest. As neither party accepted the investigator's recommendations, C's complaint has been passed to me to make a decision.

What I've provisionally 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've looked at the application form completed with Mr K on C's behalf on 13 January 2023. I think it's reasonable to note the application was completed in branch with the assistance of a relationship manager or banker. This wasn't an application that Mr K made online or by post without the assistance of anyone at SBI. So I'm satisfied that in addition to the information included in the application, Mr K will have discussed his aims and objectives for C and the wish to receive interest on funds held by the business. Within the application form, the requirement to open two accounts is noted – one savings account and one fixed deposit account. SBI's confirmed that to pay funds into its fixed deposit accounts customers have to make transfers from either an SBI savings or current account in the same name. So I'm satisfied that when the accounts were opened, SBI's banker will most likely have told Mr K he needed to transfer funds into the savings account first and that they'd then be used to fund the fixed deposit account once received.

SBI now says Mr K would've been given the account terms and conditions to read and accept so would've been aware of the minimum balance requirement before interest became payable. But I think it's fair to note SBI's own final response to C's complaint accepts it can't confirm whether the relevant terms and conditions were supplied to Mr K either in writing or online which is why the case was upheld. And Mr K's confirmed he didn't see the full terms and wasn't made aware of the minimum funding requirements during his discussions with SBI's banker.

On 31 January 2023 SBI emailed Mr K and attached details of the account. The email asked Mr K to confirm when funds had been paid into the savings account and available for fixed deposit. On 4 February 2023, SBI's banker emailed Mr K again and advised a fixed deposit instruction was pending and asked for an update concerning when funds would be received. A follow up email was sent to Mr K on 21 February 2023 asking Mr K to confirm if funds had been transferred so it could proceed with the fixed deposit. So I can see that SBI was waiting for funds to be paid into the savings account so it could then make a deposit into C's fixed deposit account and paying close attention to the balance.

Mr K transferred £500 into the feeder savings account on 13 March 2023 and a further £5,000 the following day. SBI's made the point that both the accounts it opened for C only pay interest on balances over £10,000 and that C's deposits only totalled £5,500. I take SBI's point, but I think it's fair to say that once Mr K transferred C's funds into the feeder savings account, there was very limited contact by way of a single email. Given the accounts were opened with assistance from the banker in branch who sent several follow up emails, I find it difficult to understand why their 14 March 2024 email didn't advise that Mr K would need to deposit at least £10,000 before interest became payable or funds could be moved to the fixed deposit account. And given the level of contact made with Mr K prior to the 14 March 2023 deposit, I find it difficult to understand why no further attempts to contact him were made by SBI.

I'm satisfied Mr K was under the impression interest was accruing on C's funds from the point deposits were made. It was only in May 2024, when Mr K looked back at the account, that he found C hadn't received any interest and went on to raise a complaint. Mr K's provided bank statements that show C had sufficient funds available to make further deposits to the £10,000 minimum requirement. I think it's more likely than not that if the banker had contacted Mr K again and explained that the savings account didn't have sufficient funds in it to transfer to the fixed deposit account he would've increased the deposits accordingly or made other arrangements for the funds already saved.

In the circumstances, I think the fairest approach is for SBI to compensation C for the missed interest – an offer it made in May 2024 but later withdrew.

I can see that Mr K has experienced a reasonable level of inconvenience while trying to resolve the issues raised on C's behalf. In my view, a payment of £200 reasonably reflects the inconvenience caused to C and is a fair way to resolve its complaint. So in addition to the interest award, I also intend to direct SBI to pay C £200 for the inconvenience caused.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Mr K responded to say he was willing to accept the provisional decision on C's behalf.

SBI responded but didn't accept. SBI's response made a number of points about Mr K's profession. SBI also said that whilst Mr K couldn't recall seeing the terms and conditions that contained the minimum investment amount, the information was available in other places. SBI also said Mr K made incorrect assumptions about when interest would be payable and the rate it would use. SBI made other points about the nature of investors generally. SBI didn't accept that Mr K wasn't told about the minimum funding requirement for interest to be payable. SBI added that Mr K had failed to follow up with it after making the deposits on C's behalf. SBI confirmed it agrees a payment of £200 for the inconvenience caused is fair.

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.

Not only can Mr K not recall being read or seeing the terms and conditions for either account, SBI has not provided evidence to support its claim they were provided. And, as I noted in my provisional decision, SBI upheld C's complaint on that basis. Whilst Mr K rejected the proposed offer of interest redress, which is very much in line with the settlement I reached for C's financial loss, that doesn't change the fact SBI initially accepted Mr K was most likely not provided with the relevant terms. No new information or points have been provided by SBI in response to this issue and I haven't been persuaded to alter my view of

C's complaint.

I note SBI's comments about what information investors generally focus on, but we look at complaints individually and my provisional decision is rooted in the information provided by SBI and Mr K on C's behalf.

I understand the minimum investment level has remained static throughout C's relationship with SBI. But it's clear the Mr K wasn't left with a lasting understanding of either the minimum investment level or interest rates available after his meeting with SBI's banker. And, as I noted in my provisional decision, SBI followed up with Mr K several times in the weeks after the accounts were opened for C. SBI emailed and asked when Mr K was sending funds. But after Mr K deposited C's funds into the new savings account in March 2023 communication from SBI suddenly stopped. I note SBI's response doesn't comment on why its bankers didn't follow up with Mr K after the deposits were made or tell him the balance in the savings account was below the threshold to attract interest.

I also said in my provisional decision that Mr K had provided a copy of C's bank statement that showed it had more than sufficient funds available to bring the savings account balance up to £10,000. On balance, I remain satisfied that contact from SBI's banker would have most likely prompted Mr K to take further action and deposit additional funds on C's behalf so interest would've been paid. I still think that's a reasonable conclusion to reach.

In terms of the redress, I've attempted to put C as close as possible into the position it would've been in had no errors been made. As I've said above, I'm satisfied that if SBI had provided a better and more consistent level of service to Mr K he would most likely have arrange for funds to be deposited to bring the balance up to or over the £10,000 required to attract interest. In the circumstances, I'm satisfied that by paying C interest at the rate the fixed deposit account would've offered is as close as reasonably achievable to fairly addressing C's financial loss.

I've carefully considered the information on file again and SBI's response to my provisional decision. Having done so, I haven't been persuaded to change my mind and remain of the view that C's complaint should be upheld, for broadly the same reasons.

My final decision

My decision is that I uphold C's complaint and direct State Bank Of India (UK) Limited to settle as follows:

- Pay interest at a rate of 3.5% on £500 from 13 March 2023 to 9 May 2024
- Pay interest at a rate of 3.5% on £5,000 from 14 March 2023 to 9 May 2024
- Pay £200 for the inconvenience caused

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

Marco Manente
Ombudsman