

The complaint

Miss J has complained that Metro Bank PLC (“Metro”) didn’t apply the correct interest rate to her savings account.

What happened

Miss J attempted to open a 1-year fixed term savings account with Metro on 21 November 2023. However, when she went to do so, she received error messages due to an IT issue that Metro was experiencing at the time.

Miss J contacted Metro about this and on 4 December 2023 Metro said that Miss J should try again to open a 1-year fixed term savings account again – which she did on 5 December 2023. Metro said that once she did this, it would pay her 5.91% gross/AER interest that was available at the time she initially tried to open it.

Following this, Metro issued its final response letter on 8 December 2023 and upheld the complaint. It acknowledged the difficulties Miss J faced when trying to open the savings account in late November 2023 and accepted they were caused by an issue with its IT systems. Metro paid Miss J £65 for the distress and inconvenience caused.

Metro acknowledged that Miss J had opened a 1-year fixed term savings account on 5 December 2023 and explained that Miss J had 30 days from opening the account to pay any money that she wants in the account. Miss J paid £50,000 into the account on 18 December 2023. Miss J said that she had originally wanted to put £80,000 into the account, but says she was unable to add any more money to it.

Once the 1-year fixed term savings account was set up, Miss J noticed that the interest rate on the account was still showing as 5.80%, rather than 5.91% as promised by Metro. Because of this, Miss J referred her complaint to this service.

After Miss J referred her complaint to this service, Metro provided its file on the complaint and said that it would be prepared to backdate the interest of 5.91% back to when Miss J paid money into the account. It also offered to pay Miss J a further £250, due to the added distress and inconvenience caused to Miss J by the incorrect interest rate still showing on her account.

One of our investigators considered the redress offered by Metro and they concluded that it was fair.

Miss J responded and said she’d accept the offer, but asked when the interest rate will be amended. However, Metro then didn’t take any action for a number of months, despite Miss J accepting the offer. As such the investigator looked into matters again.

Metro confirmed it’d paid Miss J the additional £250 it’d offered and said it would then adjust the interest rate. But as the wrong interest rate was still showing on Miss J’s account, the matter was referred for an ombudsman’s decision.

After the complaint had been referred for an ombudsman's decision, Metro explained that 2 attempts had been made by the complaint handler to backdate the higher interest rate on Miss J's account. But somehow these requests had not been processed correctly and that was why the wrong interest rate was still being displayed on Miss J's account.

Once the Fixed Term Savings account had matured, Miss J contacted this service to say that she had not been paid the full amount in interest. On 23 December 2024 Metro confirmed that, although it had since paid Miss J the interest based on the higher amount promised, there did appear to be a slight shortfall in the interest that was paid. So, Metro agreed to pay Miss J the difference, which it had calculated to be £55.15 gross interest. Metro also agreed to pay Miss J a further £250 compensation for the error and the amount of time it took to be resolved.

The investigator explained this offer to Miss J, however Miss J wanted more time to find evidence that the extra £30,000 that she says she wanted to put into the fixed term savings account was held in savings accounts. However, Miss J didn't respond by the extended deadline that was set, so I have proceeded with my decision based on everything that has been provided.

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 considered everything, I think that what Metro has already offered to put things right is fair and reasonable.

From what I understand, Miss J wanted to put £80,000 into a 1-year fixed term savings account with Metro in November 2023. But when she went to do this, she was unable to open the account due to a technical glitch with Metro's website.

Miss J was then able to open a 1-year fixed term savings account in December 2023 and she paid £50,000 into it. But unfortunately, the interest rate she wanted (5.91%) was no longer available and the interest rate available at the time had dropped to 5.80% instead.

So, as Miss J missed out on obtaining the higher interest rate due to Metro's technical glitch, I think Metro's offer to pay Miss J the difference in interest between what she did earn and what she would've earned - had she been able to open the account when she initially attempted to - is fair.

From what I have seen Metro has largely already paid this amount in interest to Miss J since the product matured. But it seems that the dates the redress was calculated on were incorrect - resulting in Miss J not receiving the full amount. Metro has provided its calculations, and it does seem that Miss J is owed a further £55.15 of gross interest. So I think it's fair that Metro pays this to Miss J, to fully put things right.

Looking at how long matters took to be resolved, I can see that this matter has been very longwinded and frustrating for Miss J. It has taken over a year to be resolved for her and she has been told a number of times that the correct interest rate had been applied to her account, for her to find out that it had not. Metro has already paid Miss J £315 i.e. £65 and £250 in compensation for how it handled matters. And more recently, in December 2024, it offered to pay Miss J a further £250. Having considered everything that has happened, I think a total amount of compensation of £565 for this matter is reasonable, considering what has happened and the time scales involved.

Finally, I note that when Miss J first complained, she said she'd initially wanted to put £80,000 into the savings account. But when she did open the account in December 2023, she only put £50,000 into the account. I have carefully considered this part of the complaint and considered whether Miss J has unfairly missed out on earning the stated interest rate i.e. 5.91% gross interest, on the extra amount she'd initially wanted to put in. But based on everything I have seen, I can't reasonably say that Metro should pay Miss J the interest on the extra £30,000. I will explain why.

When Miss J was eventually able to open the 1-year fixed term savings account on 5 December 2023, a temporary savings account was also set up. I understand the purpose of this was to receive all of the money that Miss J wanted in the fixed term savings account. Miss J had 30 days in which to pay all of the money she wanted in the fixed term Savings account, into the temporary savings account. However, Miss J only paid £50,000 into this account on 18 December 2023. And despite having more time in which to make further transfers in, I can't see that she did.

I understand that Miss J initially had issues opening the fixed term savings account in late November 2023. But once she'd opened it on 5 December 2023, I've not seen anything that would've prevented Miss J from transferring money into the temporary savings account (via additional bank transfers). In addition to this, Miss J has been unable to demonstrate what interest rate she earned on the extra £30,000 (that she says she wanted to pay in) over the full term of the 1-year fixed term savings account.

So even if Miss J had been unfairly prevented from adding more money (although I've not seen enough here to suggest she was), I don't know how much of a shortfall there may've been between what Miss J could've earned in interest had the money been put into the fixed term savings account and what she actually earned in interest over the course of the year. Nor do I know if Miss J went on to spend or make use of the extra money that she says she wanted to go into the fixed term savings account (which she wouldn't have been able to do, had it been locked away for the year).

So given all of this, I think that what Metro has already offered to put things right is fair and reasonable in the circumstances - based on all of the evidence I have been provided with.

Putting things right

To put matters right, I require Metro Bank to pay Miss J £55.15 of gross interest and to pay her £250 compensation for the added distress and inconvenience caused to her by this matter.

My final decision

Because of the reasons given above, I uphold this complaint and require Metro Bank PLC to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 28 February 2025.

Thomas White
Ombudsman