

The complaint

Mr P is unhappy with how Tesco Personal Finance Limited handled his savings account when his fixed term was coming to an end.

What happened

Mr P opened a fixed term savings account with Tesco in August 2023. Tesco confirmed the opening of the account in writing and sent the relevant terms and conditions which explained how the account would be managed. Funds were transferred into the account on 13 August 2023 meaning the agreed fixed rate would run to 13 August 2024.

On 26 July 2024 Tesco sent a letter in the post to Mr P reminding him that his fixed rate was coming to an end and providing options of what he could do next. It also explained what would happen to the funds at the point of maturity. Mr P didn't receive the letter and only became aware of the funds maturing after accessing his online account. At which point he couldn't do anything online to move the funds.

He made a complaint to Tesco about this as he had requested paperless correspondence and expected to receive all relevant correspondence electronically such as an alert that the account was due to mature. As well as a maturity options letter in advance of the account maturing. He was also unhappy he hadn't received a maturity interest statement at the date of maturity.

Tesco explained they had sent a letter to Mr P a few weeks before maturity as is their process but were sorry to hear he hadn't received it. They also explained that due to the difference in the day the account was opened, and the day funds were deposited this meant the statement wasn't able to capture the interest as at maturity. As it was produced a day before maturity, to capture a year from account opening. As the account had matured, there wasn't an option for Mr P to remotely move the funds, to do this he needed to call Tesco directly. They also explained they couldn't comment on other organisations processes but were satisfied they had followed theirs.

Mr P referred his concerns to this service. Our investigator didn't think Tesco had done anything wrong as whilst Mr P had set a paperless preference, Tesco had been clear they may engage by post. He felt they had treated Mr P in line with their process and fairly. As Mr P remained unhappy it has been passed to me to decide.

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.

Whilst I've considered all the information, I haven't commented on it all. Instead, I've focussed on what I consider to be the crux of the complaint and most relevant to the outcome reached. This isn't meant as a discourtesy but reflects the informal nature of this service.

The terms and conditions set out how Tesco will communicate in relation to the account. They say:

"How will you provide me information about my account?"

Account communications such as statements may no longer be sent to you by post if you've opted to go paperless on your account. Instead you will be able to view these electronically. If you receive paperless statements, we may notify you of changes to the terms and conditions by email. We'll let you know (by text or email) when a document is available for viewing. We can't guarantee that messages or emails will get through, so you should check your documents store in Online Banking regularly. We may still send you correspondence by post if we think that it's important or necessary, or we think that your contact details may be out-of-date."

Whilst the terms say they may still correspond by post I don't understand why this wouldn't be in addition to an online notification given Mr P's preference. Tesco have said that it isn't their process to provide an update by post and electronically. But the terms aren't specific that that they would send by post instead of an electronic update so I can understand why Mr P expected an electronic update or alert that his account was coming to maturity.

That being said, Tesco did put Mr P on alert at the outset that they may correspond by post, and I'm satisfied they sent a letter to Mr P alerting him to the accounts upcoming maturity and outlining his options. I also note at the outset they explained they would write to Mr P 30 days before the account matured with options on what he could do and that they could accept his instruction 30 days before the term ended or any time after that. So, Mr P could've managed his account online if he had accessed it before maturity during this time.

I understand the annual statement Mr P received didn't show the interest he'd accrued. Tesco have explained that this is because the annual statement was produced to capture the anniversary of the account opening. As Mr P didn't transfer funds into the account until after the opening day, it wouldn't have captured the interest at that point. I can see a full statement, including the interest, was produced around a week after maturity and provided to Mr P which isn't unreasonable in the circumstances.

Mr P is concerned that Tesco's aren't operating in line with other banks. Each bank has to adhere to regulations and guidelines, but it is for them to decide how they operate in line with this. Mr P has pointed out that Tesco have a different process in place to other banks, but this doesn't automatically mean they've done something wrong. Overall, I understand Mr P is disappointed with the service he received and it's unfortunate he didn't receive the letter about the upcoming maturity Tesco sent. But I'm satisfied they made Mr P aware of how they would communicate and acted in line with that.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 March 2025.

Karin Hutchinson
Ombudsman