

The complaint

Mr B complains that Trading 212 UK Limited (T Ltd) failed to advertise its gross interest rate alongside the Annual Equivalent Rate (AER). He would like the interest that should have been credited to his account to be backdated and applied.

What happened

Mr B said T Ltd did not apply interest on his funds on the first day of deposit despite saying interest is applied on the balance of account at 22.00 and credited the following morning. He said that T Ltd's response that interest is applied at 22.00 on the day following deposit is not what its website states and it doesn't display the gross interest rate alongside the AER.

Mr B said AER is a value for comparison, but T Ltd hasn't provided the annual gross interest rate despite his saying many times that it had incorrectly stated an AER of 4.2%, against a rate shown of 4.9% AER. Mr B said T Ltd has used AER interchangeably with APR causing confusion and hasn't followed the Financial Conduct Authority (FCA) requirement to provide information in easily understandable language and in a clear and comprehensible form.

Mr B said this has cost him a small amount in interest and a disproportional amount of stress and wasted time. He said products should operate as written and action should be taken to correct an error. Mr B brought his complaint to T Ltd and said he wants the interest that should have been credited to be backdated and applied.

T Ltd responded to say Mr B wanted a simple, non-compounded rate to be listed rather than calculated. T Ltd set out its calculation of daily interest, *'using a compounding model, which means that a single daily percentage is not applied uniformly. Instead, interest is accrued based on the formula provided, which ensures accuracy in daily crediting'*. T Ltd said interest accrues on the balance held before 22:00, with later deposits accruing interest from the next day. T Ltd said the interest rate is within the app and it is compliant with the regulations.

Mr B wasn't satisfied with this and referred his complaint to our service, but our investigator didn't recommend it be upheld. She said the application and display of interest is required by the FCA but how this is provided is a business decision and T Ltd hasn't misled consumers. She said the FCA requires the interest rate to be clear and in a number format, which in this instance it is. And just because T Ltd choose to display the AER only, doesn't mean it is incorrect. She said there are online tools that Mr B can use to get the gross rate if needed.

Mr B disagreed with the investigator and requested an ombudsman review his complaint. He said she hadn't addressed T Ltd's application of interest the day after what it stated, which cost him a day's interest. Or that it had provided him with incorrect or no information, which doesn't comply with FCA regulations for providing information in easily understandable language and in a clear and comprehensible form.

Mr B said he doesn't dispute that T Ltd's AER is correct, but it only provides a calculation for the gross figure, and mix AER and annual rates in its communications. He said if T Ltd listed both rates there would be no confusion. Mr B requested information about the online tools to which the investigator had referred.

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.

Mr B said T Ltd has changed its application of interest from that stated on its website. And that T Ltd should provide the annual gross interest it applies and say why it feels able to ignore the FCA rules on clarity of information. T Ltd said its interest rates are clearly displayed and it complies with all regulations.

Mr B wants all financial institutions to provide both the gross Interest and AER rates for all savings accounts. I'd like to confirm this service isn't a regulatory body. We are an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred. Mr B would need to bring his concerns to the FCA for a specific response on non-compliance with its regulations.

Mr B has said the investigator has made no mention of his point that T Ltd gave less than 14 days' notice on the change of interest rate or that the notice makes no reference to the rate being AER. And subsequently that T Ltd's system displayed that it was transferring £20,000 but the balance of the account was £19,999.99. I don't think Mr B has raised these points to T Ltd as part of his complaint and this is required before we can consider them.

I understand Mr B's position that, *'if something is written as such it should be so'*. And I sympathise with him for the many hours he has spent trying to find out what the actual interest rate for his account would be and the detailed spreadsheets he has compiled. However, T Ltd has decided to follow an approach whereby it does not provide a non-compounded nominal interest rate. T Ltd calculates and displays interest using a compounding model, which means that a single daily percentage is not applied uniformly. Instead, it says that interest is accrued based on the formula it has provided, which ensures accuracy in daily crediting.

Mr B said T Ltd's website quotes both AER and non-AER Rates at the same value which he finds misleading. The website and information they display does show that the rates provided are AER rate. Whilst I appreciate that this differs from other businesses, they are not doing anything wrong by only displaying this rate. The only requirement of them is to ensure that the information is clear to the consumer, and I feel that it is.

T Ltd has confirmed that the cut off for receiving interest on oncoming funds is 23:00, which is later than it told Mr B. Mr B said he had cleared funds at that time, but they did not apply any interest until the following day. I realise the difference in the amount of interest payable to Mr B is tiny, but T Ltd may wish to review their website's description of this timing so that it is clearer to consumers as to the exact point from which interest on a deposit will be paid.

I realise that Mr B thinks the approach T has taken to interest has misled him about what he could expect to receive, but I haven't found this to be the case. The AER of 4.9% set out by T Ltd accurately represents the interest applied to his account balance. And I've seen that T Ltd has clearly set out its method of calculating interest. I have not seen any aspect of T Ltd's calculation, or display of the interest it applies that is against the FCA regulations.

As to T Ltd's communications, Mr B said it should withdraw their unreliable chat bot system as it gave incorrect information. I think so long as this approach is supported by staff as with T Ltd then this is an acceptable way to communicate. At Mr B's request, T Ltd's staff provided him with the calculation to work out the interest applicable to his account.

Our service investigates the merits of complaints on an individual basis, and that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr B will be disappointed by this decision though I hope he appreciates the reasons I have reached this outcome.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 July 2025.

Andrew Fraser
Ombudsman