

The complaint

Mr C is unhappy that Yorkshire Building Society (“YBS”) didn’t transfer interest to his nominated account in line with his instructions.

What happened

In May 2024, Mr C raised a complaint with YBS because he was unhappy that YBS hadn’t transferred earned interest from his savings accounts to his nominated bank account.

YBS responded to Mr C and explained why they had administered his accounts as they had and why they didn’t feel that they’d done anything wrong in doing so. Mr C wasn’t happy with YBS’s response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that YBS had acted unfairly towards Mr C in how they’d administered his accounts. Mr C remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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 issued a provisional decision on this complaint in 29 April 2025 as follows:

Mr C had several savings accounts with YBS, opened in August 2009, November 2020, May 2022, September 2022, and September 2023 respectively. For ease of reference, I will refer to these accounts as accounts 1 through 5 respectively.

Mr C maintains that for all these savings accounts, he instructed YBS to pay the interest earned on the accounts to a nominated current account. And he’s unhappy that YBS didn’t do this on two occasions.

The first instance that Mr C is unhappy about was a payment of £77.29 interest that had been earned on account 4. This account opened in September 2022 and matured after one year, in September 2023. At the point of maturity, the account was automatically migrated to an instant access account, which allowed Mr C to access the matured account balance at his convenience. Mr C then transferred the capital balance of this account to the newly opened account 5 in October 2023. And the transferal of the balance of account 4 to account 5 marked the closure of account 4.

When account 4 matured, a year after it was opened, the interest that had accrued on that account was transferred to Mr C’s nominated bank account, as per Mr C’s instructions to YBS. However, the capital balance of account 4 remained in the account after the point of maturity and so was present in the account when it was automatically migrated to an instant access account. And because Mr C didn’t transfer the capital balance from account 4 to the newly opened account 5 for several days after account 4 had matured, this meant that capital balance earned £77.29 interest in the instant access account before Mr C moved that

capital balance to account 5.

Mr C had expected that the £77.29 earned interest would be paid to his nominated bank account, as per his instructions for the annual interest amount at the point of account maturity. But YBS have explained that for instances of account closure, their systems automatically add any earned interest at the point of account closure to the account balance being transferred. And this is regardless of any interest payment instructions that an account holder might have in place, such as Mr C's instruction for YBS to pay interest to his nominated bank account.

That YBS treat interest at the point of account closure in such a manner doesn't appear to be described anywhere in YBS's account terms and conditions or their account fact sheet. As such, I can understand why Mr C would feel that YBS haven't acted fairly by adding this interest amount to the account balance and including it in the transferal to account 5.

In the absence of accurate information about how account closure interest would be administered, it seems reasonable to me that Mr C would have expected YBS to have paid the interest to his nominated bank account in line with his instructions for account 4. And I feel that by not providing a clear and accurate description of how their accounts operate, YBS have unfairly caused Mr C to hold an incorrect expectation that the £77.29 interest would be paid to his nominated bank account, as he wanted.

It's clear that Mr C has been frustrated and aggrieved by what he feels was YBS acting out of accordance with how they should have here. This service can't instruct a business to change how it operates. But I will be provisionally upholding this complaint in Mr C's favour on the basis that YBS didn't sufficiently inform him how his account closure interest would be administered. And I'll be provisionally instructing YBS to pay £150 to Mr C as compensation for the frustration and inconvenience that he's incurred because of this.

In arriving at this compensation amount I've considered the trouble and frustration that Mr C has incurred resultant from YBS's unclear information. And I've also considered the general framework this service uses when assessing compensation amounts, details of which are on this service's website. Having done so, I feel that £150 is a fair compensation amount.

The second instance about which Mr C is unhappy is an interest payment of £1,245.65 which was paid directly to the account which had earned the interest, rather than to his nominated bank account, on 31 March 2024. However, YBS have demonstrated to my satisfaction that at the time of the interest payment, the instructions on the account were to pay interest directly to the account, which they did.

Mr C has explained that there was an issue with YBS's systems which prevented him from instructing YBS to pay the interest to his nominated bank account. But YBS aren't aware of any system issue at the time in question. And if Mr C had been prevented from making the instruction that he wanted to make, then I would reasonably have expected him to have raised that matter with YBS before the interest payment date.

Accordingly, I don't feel that YBS did act unfairly by processing this interest payment in line with the instructions present on the account at the time of the payment, and so I provisionally won't be upholding this aspect of Mr C's complaint.

Both Mr C and YBS responded to my provisional decision and confirmed that they were in acceptance of it. As such, I see no reason not to issue a final decision here whereby I uphold

this complaint in Mr C's favour on the basis described above. And I therefore confirm that my final decision is that I do uphold this complaint on that basis accordingly.

Putting things right

YBS must pay £150 to Mr C.

My final decision

My final decision is that I uphold this complaint against Yorkshire Building Society on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 June 2025.

Paul Cooper
Ombudsman