

The complaint

Mr S complains that UNION BANK OF INDIA (UK) LIMITED ('UBI') hasn't provided him with the expected rate of interest on his fixed-term bond.

What happened

I issued a provisional decision on this complaint, inviting both parties to let me have any further comments. Below is a copy of what I provisionally decided and why.

Mr S' fixed premier bond was due to mature in August 2024 – as it did in the previous year. He was contacted by UBI in June and July 2024 about the upcoming renewal process and was told that a screen with his renewal options will display prevailing interest rates. Mr S asked UBI for interest rate details leading up to this period and complained as he didn't receive a response.

Mr S completed the maturity process opting for the interest to be paid to him and the initial balance to be reinvested into a one-year fixed bond at 5.5% including a 0.1% loyalty bonus. On the same day, Mr S received confirmation that his instructions were received, but the rate he'd receive would be the available rate on the date of maturity.

Mr S quickly raised issue with this as he had already agreed a rate, UBI responded stating that they can't provide the rate until the date of maturity. After some further emails and calls with UBI, Mr S complained as he thought their process was misleading and he felt that it was unfair for them to apply the rate they chose on the maturity date.

A week later, Mr S received an email explaining the new interest rates for fixed deposits which indicated that his rate may be 5.35% (including the loyalty bonus). He contacted UBI on the same day about this rate as it was lower than expected and also spoke to UBI multiple times on 7 August 2024 as he was unhappy with their process. UBI provided their complaint response on the same day explaining that they acted in line with the terms of the account.

The bond proceeded to mature on 9 August 2024 with the initial balance reinvested for one year at 5.35%. The interest earned was sent to Mr S a few days later as per his request.

Unhappy with this, Mr S referred his complaint to our service as he felt that the product was mis-sold. He wanted to be paid the missing interest and compensation for the stress he experienced. One of our Investigators reviewed the complaint, and they didn't think UBI acted unreasonably as Mr S was provided with enough information to make him aware of the process, which was in line with UBI's terms. Mr S didn't accept this outcome. As such, the complaint has been passed to me.

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've taken into account the information provided by both parties, including the calls between Mr S and UBI. While I haven't commented on everything individually, I have considered it when reviewing the complaint.

I can see from the calls and correspondence on the case that Mr S feels very strongly that this process is unfair as he feels that he should receive the interest rate that he agreed to when choosing his options. I've taken this onboard, but it's not our Service's role to tell a business to change their process. I'll instead be considering the information provided to Mr S about this process and I'll assess whether this was reasonable.

The maturity screen

I've been provided with screenshots of the screen that Mr S used to select his maturity options. This screen allowed Mr S to choose the amount he wanted to renew with and select the investment term and corresponding interest rate for the fixed bond. The option selected by Mr S was '1-year fixed rate 5.40% (GROSS)'. I can't see anywhere on the screen that suggests the rate is indicative or open to changing based on the maturity date.

This is a key point of interaction as it involves Mr S making an important decision about the future of a fixed product. As this screen indicated that Mr S was entering into a fixed product, I can see why reviewing this would have led to Mr S believing that he'd agreed to a fixed term and interest rate. Especially since there was nothing on the screen to indicate that this may not be the rate he'd receive.

The interest rate provided

UBI has said that they acted in line with their terms and conditions (T's & C's) and would only be able to provide the interest rate available on the date of maturity. The T's & C's for the account provides information about the renewal process and explains the following. 'In case of renewal of the existing bond we would apply the interest rate prevailing on the date of maturity'.

I can also see that the maturity reminder sent prior to the maturity options becoming available explains that the rates shown on the maturity screen would be 'prevailing rates for different maturities'. Based on the above, I'm satisfied that UBI made Mr S aware of how the interest rate would be selected in line with their process.

I've been advised that UBI doesn't have a regular timeframe for updating their interest rates and they usually change based on economic indicators, so I can see why Mr S is unhappy that he may not know the rate he'll receive until the date of maturity. However, Mr S wasn't locked into the maturity options he had selected, and he was able to change them until the date of maturity – which I can see that UBI had explained to him.

I can see that UBI's emails prior to the maturity window explained that Mr S must choose his options seven days before the maturity date. This conflicts directly with what was said by UBI after the options were selected and puts pressure on Mr S to make a decision about his bond even though he still had time to consider his options.

While UBI has followed their processes when applying the prevailing rate on the date of maturity, I don't think they've provided clear or consistent information to Mr S, which would

have led to unnecessary stress and confusion.

Obtaining a better rate

I've set out above that I think the renewal process for the fixed bond wasn't communicated appropriately, however I can't say that the interest rate shown at the maturity screen should be provided as it was a current rate and not the one that applied on the maturity date. I've instead considered whether Mr S would have been able to obtain a better rate if he was provided with clearer information when reviewing his maturity options.

After selecting his maturity options, Mr S expected to receive 5.5% which includes a 0.1% loyalty bonus. Instead, he's now receiving 5.35% including the 0.1% loyalty bonus and I can see that he was made aware that he would receive this rate 8 days before maturity. If Mr S chose to go elsewhere, he would have lost his 0.1% loyalty bonus, which is something I think he considered.

I've seen the interest rates provided by similar providers at the time and I think it would have been difficult for Mr S to obtain an interest rate higher than 5.35% after his bond had matured. So, I think it's unlikely that he would have obtained a better rate elsewhere.

I've also considered whether Mr S would have been able to obtain a better interest rate by opening a new bond with UBI. It's possible for Mr S to open a new bond with UBI that would lock in the rate when the account is opened, he would then have a window to fund the account. So theoretically, he could have opened this before the interest rate was changed and funded it after his bond matured, however he would have still lost his 0.1% loyalty bonus.

Mr S would have had a short window to do this, and it would have required opening a new bond and changing his maturity options for a benefit of 0.05% interest. I can see that Mr S found out that he may not receive the interest rate indicated on the maturity screen shortly after choosing his options, so he did have time to explore this avenue if he wanted to. As obtaining the slightly higher rate would have required considerable work and Mr S losing his loyalty bonus, I don't think he would have done it for the additional £40 interest it would have provided.

Based on this, I think it's more likely than not that even if Mr S was given clearer information about when the rate of his bond would be available, he still would have proceeded with the same maturity options once he found out that he'd be receiving 5.35%.

The calls on 7 August

Mr S has requested that his calls with UBI are listened to as part of this complaint. I believe this is because it helps to show why he's unhappy about UBI's actions. While the calls could have been better handled by UBI, Mr S' voice was raised throughout and he was demanding, which would have made things difficult for UBI's call handler to deal with.

I can see that Mr S was already unhappy with the fairness of UBI's process before the call and as both parties disagreed with each other, this was unlikely to have been a productive call either way. So, taking into account the circumstances, I don't think the call was handled unreasonably by UBI.

Overall, I think UBI followed their process in line with the account terms, but the communication provided to Mr S about this was conflicting at multiple stages. The maturity

screen was misleading, and undue pressure was placed on Mr S to decide, when he had more time to consider his options. However, I still believe that Mr S would have proceeded with the account at the current interest rate either way as he was unlikely to get a better rate elsewhere and I don't think he would have decided to open a separate bond with UBI within the required window.

While there hasn't been a financial loss, there's been unnecessary frustration and stress for Mr S which would have led to him feeling like he's been tricked into agreeing to something that he wouldn't receive. Had Mr S received clearer information, he wouldn't have had to contact UBI at all and I can see that the conversations he had with them led to further upset about what he was led to expect. I think compensation is due to recognise the impact that this has had on him.

My provisional decision

My provisional decision is that I intend to uphold this complaint and direct UNION BANK OF INDIA (UK) LIMITED to pay Mr S £200. I don't intend to make any other direction.

Responses

I asked for both parties to let me have their responses by 12 June 2025. Mr S responded accepting what I've said. UBI has responded asking that I re-evaluate my decision based on further comments they provided.

To summarise – UBI think that the information before and after the renewal screen was enough to make Mr S aware of the process and he should have reviewed the T's & C's before submitting his options. They also said that the process of applying the prevailing rate at maturity ensures fairness, as there could also be issues if the rate at maturity was higher than the rate on the renewal screen.

The case was passed back to me to reconsider.

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've taken UBI's comments onboard, however I don't think it gives me reason to depart from my provisional decision.

I agree with UBI that the T's & C's made Mr S aware of the process, however he should also be able to rely on the web content and emails he receives from them. I think it's clear that the renewal screen made it seem like Mr S was agreeing to a fixed product at a fixed rate. This is a key screen, and the wording of the maturity reminder put pressure on Mr S to make his choices based on what was shown on the screen. So, I still think the information provided here was misleading and led to a shock when it was confirmed that Mr S wouldn't receive the rate he saw when choosing his options.

UBI also mentioned the process of applying the prevailing rate at maturity in their response. I haven't commented on whether this is reasonable or not, only that the information provided to Mr S during this process was conflicting and unclear.

In view of this, I fully adopt that decision as part of this decision and conclude that UBI needs to do something to put things right.

My final decision

My final decision is that I uphold this complaint and direct UNION BANK OF INDIA (UK) LIMITED to pay Mr S £200. I don't intend to make any other direction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 July 2025.

Chris Lowe
Ombudsman