

## The complaint

T, a limited company, complains that Shawbrook Bank Limited has incorrectly calculated the interest payable on its fixed rate savings bond.

## What happened

The director of T explains that he opened a 2-year fixed rate bond at Shawbrook Bank with £100,000 on 26 March 2024. The annual interest rate quoted was 5.03%. On 25 March 2025 T was paid interest of £5,019.42 and the director says that this ought to have been £5,030.

Shawbrook Bank said it hadn't made a mistake. The year 2024 was a leap year and so interest earned during any part of that year was based on 366 calendar days. This remained the case if a product was taken after 29 February 2024. It provided a breakdown of its interest calculation for T as follows:

*"£100,000 at 5.03% from 26 March 2024 to 31 December 2024 is 281 days = £3,861.83 (leap year calculation – so divided by 366).*

*£100,000 at 5.03% from 1 January 2025 to 25 March 2025 is 84 days = £1,157.59 (non leap year calculation – so divided by 365).*

*The total is £5,019.42."*

Shawbrook Bank said that as a gesture of goodwill it would pay the difference of £10.58 to T backdated to the date of interest capitalisation. And with simple interest on that payment of 8% per annum to the date of settlement.

Our investigator referred to the terms and conditions of the account and which stated that:

### *"9. Interest*

*9. 1. Interest accrues on a daily basis on cleared credit funds, and we pay it in line with the conditions in the Key Product Information.*

*9. 2. If an interest payment period includes 29 February, We will calculate the daily interest rate to reflect that extra day."*

She said that she understood the point made by T. But that Shawbrook Bank had provided a reasonable explanation of its calculation. And had referred to the impact of a leap year. In view of the comments from T it had made an offer to settle the complaint. And she said that this service doesn't tend to make awards for the time spent in bringing a complaint as T had asked for.

T didn't agree and wanted its complaint to be reviewed. It said that the analysis was flawed and incompetent, The interest period here didn't include 29 February 2024, and it wanted to know where Shawbrook Bank stated how interest would be dealt with. The headline rate of 5.03% hasn't been achieved for T. And instead, it received 5.01942%. It wanted to know why comments about that and UK standards hadn't been made. T said it did qualify for compensation and that its time wasn't free. T said it wasn't interested in a goodwill gesture. And it had given Shawbrook Bank the opportunity to explain its calculation and this could

have been resolved before the involvement of this service.

### **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 need to say that this service isn't the regulator, and we don't have a role in setting processes generally and I'll only be looking at the circumstances for T here. We provide a free and informal dispute resolution service for complainants. If T doesn't accept my assessment, it remains free to pursue this in court subject to any relevant time limits.

I'm satisfied that the Annual Equivalent Rate (AER) of 5.03% quoted by Shawbrook Bank in the Key Product Information (KPI) here fairly relates to calendar years. It's stated in the terms and conditions that interest is calculated daily. And that Shawbrook Bank will adjust for the impact of a leap year. And so, in order to pay that rate during any period of a leap year Shawbrook Bank works on the basis that there are 366 days. I note the point T makes about the 'interest payment period' which isn't specifically defined in the terms and conditions. But in light of my assessment above I'm not persuaded that Shawbrook Bank has made an error and departed from its usual process for calculating interest.

In any event Shawbrook Bank has now made a goodwill offer to put T in the position it says it expected to be in. And to pay simple interest of 8% on that additional interest which is the rate this service generally uses at this time to reflect a complainant being deprived of money. I think that's a reasonable offer to settle the complaint taking into account that no process error was made. As a result, I don't consider that any compensation is fairly due for the time or inconvenience T refers to in bringing the complaint. So, I won't be asking Shawbrook Bank to do more than this.

### **My final decision**

Shawbrook Bank has made an offer to settle the complaint which I think is reasonable in all the circumstances. So, my decision is that Shawbrook Bank Limited pay T further interest of £10.58 plus simple interest on this amount of 8% per annum from 25 March 2025 to the date of settlement to as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 4 August 2025.

Michael Crewe  
**Ombudsman**