

The complaint

Mr S complains that Nationwide Building Society has not added the correct interest to his Cash Individual Savings Account (ISA). He also complains that Nationwide failed to address his concerns or communicate effectively.

What happened

Mr S opened a 1-year ISA on 8 April 2023. The terms and conditions stated interest will be paid at the end of the term and on the date the account is closed. Mr S closed the account on 7 April 2024 at the end of the term and said there was an error made in the end of term interest payable displayed that day.

Mr S said Nationwide's system wasn't clear that not all interest would be taken into account upon closure, and that happened with his account. The terms state interest is calculated by dividing the annual rate by 365 in relation to the account balance, at the end of each day.

When Mr S enquired about the calculation with Nationwide he said he was given incorrect information on more than one occasion. Misinformation included a calculation of 366 days, and a processing error in the remainder of some funds. Mr S complained to Nationwide.

Nationwide responded that it had correctly calculated the interest on Mr S's account. It said one days' interest of £4.80 was deducted ($£41273.14 \times 4.25\% \times 1/365 = £4.80$), because interest totalling £955.32 was paid effective 7 April 2024. However, as Mr S closed the account on 7 April 2024 one days' interest was deducted from the balance at closure.

Nationwide emailed Mr S a breakdown of how the interest was calculated. But it apologised for incorrect information to Mr S from its webchat agents and offered Mr S £450 compensation.

Mr S wasn't satisfied with this and referred his complaint to our service. Our investigator didn't recommend it be upheld. She said Nationwide eventually apologised for errors in its responses and she understood his frustration. She said Nationwide hadn't treated him fairly, but acknowledged multiple errors and paid £450 compensation, which she said is fair.

Mr S wasn't satisfied with this outcome and requested an ombudsman review his complaint. He said the interest on 7 April 2024 was in breach of the terms and conditions. He said it *'should not have included this daily interest amount of $(1/365) \times 0.0425 \times £40,317.82 = £4.69^*$ in the end of the term Gross interest of £955.32 reported on 07 April 2024 @ 10:48.'*

Mr S said on the subsequent account closure the interest of -£4.80 in his closing statement is only correct *'insofar as it corrected the incorrect end of the term amount (i.e. £955.32) to the correct amount of £950.52'...* *'all but for 11 pence, which is not fully understood by me'.* And despite this Nationwide maintained that no error was made in the interest calculation.

Mr S said Nationwide should state its errors and what it will do to ensure this doesn't happen again. He said Nationwide should apologise for breaching its terms and conditions and pay compensation for the *'substantial material distress and inconvenience'* he has suffered. He

said he had accepted Nationwide's £450 as closure for multiple errors made regarding his complaint, which are unrelated to the outstanding complaints addressed to our service.

Our investigator said she can appreciate that Mr S is unhappy with the way in which his complaint was handled. But we can't comment on this as it's not a regulated activity.

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 hope Mr S doesn't consider it a discourtesy that I haven't referred to all of the points he has raised in his complaint. I have considered everything he has said but I've summarised it in this decision.

I was sorry to learn that what should have been a fairly straightforward enquiry by Mr S about the calculation of interest has turned into a frustrating and drawn-out experience for him. My role is to determine whether what took place was reasonable and whether Nationwide followed the process correctly and treated Mr S fairly.

Mr S disagreed with Nationwide's calculation of the interest payable on his ISA, and he raised his concerns. Mr S didn't think Nationwide had answered his questions, and said it was unwilling to elaborate further. I take Mr S's point to be that Nationwide made no mention, within its terms and conditions or via email, that the end of term interest could or would need an adjustment to make it a final figure.

I have however, seen the interest calculation that Nationwide applies, and although I realise Mr S disagrees, I don't think it's incorrect in respect of the terms and conditions. And I have seen Nationwide's explanation of this on its closing statement. But it's disappointing to see the customer service was poor in its responses to Mr S's points. I agree with the investigator that Mr S needed to be persistent to gain more detailed information from Nationwide.

I can see Mr S's frustration at the opportunities Nationwide was given to address and put right the calculation of interest to which he referred. It's not in question that Nationwide made mistakes. They acknowledged that they could have been clearer in their communication and, that they were responsible for misinformation. Nationwide should have acknowledged at the first opportunity that its system didn't make clear that Mr S would not on 7 April 2024 have earned all the interest capitalised in his balance when he closed his account.

I'm glad to see that Nationwide have apologised for those errors, and paid Mr S compensation of £450. I hope that Nationwide views this complaint as an opportunity to review its approach to communications to customers concerning the application of interest.

Mr S said he only accepted this compensation as a resolution of his complaints made to Nationwide before a system issue was central to his complaint and his complaint was mishandled. He said Nationwide refused to admit that complaint mismanagement was the biggest single cause of all material distress and inconvenience caused to him. Having considered the errors Nationwide made and its poor and inaccurate communications to Mr S I think its compensation of £450 represents a fair and reasonable reflection of the impact that Mr S has described.

It may be that Mr S still does not accept the basis of Nationwide's interest calculations. I can see that Nationwide has explained these to Mr S in a detailed manner via its internal interest department and I agree with Nationwide that this represents a fair explanation of the interest

it offers. If he hasn't already, it is open to Mr S to bring his concerns to the Financial Conduct Authority, although he should note that it won't consider individual complaints.

As our Investigator explained, complaint handling or mishandling is not a regulated activity, which means it's outside the jurisdiction of this service. So, I can't consider what Mr S has said about the way Nationwide handled his complaint.

I think it's important to explain that my decision is final. I realise that Mr S will be disappointed by this outcome though I hope he can appreciate the reasons and limitations that mean it has to be this way.

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 S to accept or reject my decision before 5 August 2025.

Andrew Fraser
Ombudsman