DRN-5642703

The complaint

Ms H complains Coventry Building Society didn't make it clear that the ISA she was interested in opening paid a variable rate of interest.

What happened

Ms H had a fixed ISA with Coventry Building Society that was about to mature. She says she's been a customer of Coventry Building Society for many years.

Ms H found an ISA that Coventry Building Society was offering that was paying 4.8% interest and decided to transfer her existing ISA into it on maturity. She called Coventry Building Society to check the ISA in question was its highest paying ISA. The agent she spoke to confirmed it was and that all she needed to do was open the ISA in question and then transfer the proceeds of her existing ISA into it. The agent said Coventry Building Society could help do that too. Ms H subsequently asked for help and spoke to an agent who stayed on the phone whilst she was opening the ISA in question and then helped her transfer the proceeds of her existing ISA into it. She thanked the agent for her patience.

Ms H says she received a letter from Coventry Building Society a couple of months later saying that the interest rate on her new ISA would be going down. She called Coventry Building Society to complain that the ISA she'd opened paid a variable rate of interest and to say that his wasn't made clear on any of the key documents she'd been sent nor had any of the agents she'd spoken to explained this.

Coventry Building Society looked into Ms H's complaint and ultimately said that it wouldn't have expected its agents to explain this to her unless she'd asked as she'd opened up the ISA online. Coventry Building Society also said that the summary she'd been sent made it clear the ISA paid a variable rate of interest as did the terms and conditions as did the documentation on its website. Ms H disagreed and complained to our service.

One of our investigators looked into Ms H's complaint but didn't recommend that it be upheld. They said that she hadn't asked the agents she spoke to on the phone about the interest rate and whether it was fixed or variable and that the documentation including the terms and conditions made this clear. Ms H was unhappy with our investigator's recommendation and asked for her complaint to be referred to an ombudsman for a decision. Her complaint was, as a result, passed to me.

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.

Ms H has a substantial amount of money in her ISA and says she's had fixed interest ISAs for years. I have no reason to doubt her.

Having listened to phone calls between herself and Coventry Building Society, I can see that she rang Coventry Building Society shortly before her ISA was due to mature to check the ISA she planned to invest the maturing proceeds into was Coventry Building Society's highest paying ISA. I can see she was told yes it was. I can see during that call that she was told she might have a problem transferring the proceeds online but could call in if she wanted help. It looks like that's what she did because I can see she then got a call from an agent ringing to help her with her maturing ISA. The agent helped take Ms H through the process of opening the new ISA in question – something she needed to do before transferring the maturing proceeds – and then helped her set up the transfer.

I agree with Ms H that neither of the agents she spoke to said that the new ISA she was opening was a variable rate ISA. I can, however, also see that Ms H didn't ask either agent whether or not it was a variable rate ISA. The closest she got was to check the ISA in question paid 4.8% interest.

I agree with Ms H that it would have been more helpful had the name of the ISA made it clear it was a variable rate ISA. I am, however, satisfied that the key documentation she would have seen at the time did make it clear that the interest rate could change and in one of the documents the interest rate was explicitly described as "variable". In the circumstances, given that she'd decided which ISA she wanted to open and was calling to get help opening it, and given that she didn't ask more about the interest rate, I agree that Coventry Building Society didn't act unfairly.

I've heard the call that Ms H made when she found out her new ISA had a variable rate of interest and having done so, I've no doubt that it came as an unexpected shock to her. That isn't in itself, however, enough to say that Coventry Building Society acted unfairly.

My final decision

My final decision is that Coventry Building Society hasn't acted unfairly or unreasonably.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 2 October 2025.

Nicolas Atkinson
Ombudsman