

The complaint

Mr T complains National Counties Building Society trading as Family Building Society (FBS) reduced the interest it paid on its Windfall Bonds product, shortly after releasing further bonds.

What happened

Mr T explained FBS advertised a release of bonds in August 2024, with interest paid at the current Bank of England base rate. Mr T said FBS have historically linked the interest paid on these bonds to match the base rate. Mr T said after agreeing to buy bonds, customers had to fully fund the bonds purchased by 31 October, when this offer closed.

On 10 December 2024, Mr T said he received a letter from FBS explaining it had decided to cut the interest it paid on these bonds. It explained it would now pay interest at 1% less than the base rate from February 2025. Mr T accepts FBS gave sufficient notice, in line with its terms and conditions, so he could consider his options and withdraw funds, but complains he thinks FBS would have been aware of this change when it was selling these bonds between August and October 2024.

Mr T explained he had complained to FBS and asked about the timing of the decision. It had told him it decided to reduce the interest paid at a meeting on 22 November. FBS said the papers for this meeting were finalised on 20 November.

Mr T doesn't accept FBS didn't have some intention or indication it was likely to take this action whilst it was still selling and promoting the bonds in August and October. Mr T explained he strongly suspects discussions would have been underway about cutting the rate when it was offering the release of bonds. He explained he wouldn't have taken up the offer if he had known FBS was already discussing cutting the interest rate.

Mr T explained he wanted FBS to provide more information than it had about when it started to discuss the possibility of a rate reduction. He also wanted assurance FBS wouldn't actively market a product it knew, or reasonably expected, the terms of which would worsen shortly afterwards.

FBS wrote a final response to Mr T, it confirmed FBS had decided to reduce the rate offered at a meeting on 22 November, explaining the decision was because of a series of commercial factors.

FBS pointed out its terms and conditions for the offer in August 2024 stated it could alter the rate of interest for this product and that it would provide notice of 14 days plus the 35 days required for the sale of the bonds. It also said it didn't sell any bonds at this rate after it had decided to reduce the interest paid.

Our investigator didn't think FBS needed to take any action. They thought FBS had been clear about when it decided to change the interest rate paid. They also thought the terms and conditions were transparent and not misleading, and FBS could change the rate if it wanted to provided it complied with the timeframes stated. They accepted Mr T was disappointed by the change but didn't think FBS had acted unfairly or unreasonably.

Mr T responded to our investigator's recommendation stating he remained of the view FBS may have acted inappropriately. Mr T reiterated he thought it was reasonably likely

discussions about this change had begun when the product was actively being offered, explaining why he thought this.

As Mr T rejected our investigator's recommendation, his complaint has been passed to me to make 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 appreciate how strongly Mr T feels about his complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Where evidence is incomplete, inconclusive or contradictory, I have to make decisions on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

Firstly, I can understand why Mr T is unhappy about this change. I can appreciate Mr T has said he decided to invest because of the rate offered, and when the change occurred, the scheme was of significantly less benefit to him.

I must determine whether this change has been fair and reasonable, taking into account the wider circumstances of the case.

When determining this, the first matter I must consider is whether FBS has applied its own terms and conditions correctly. I can see FBS cited its terms and conditions in its final response to Mr T. These said, *'the interest rate on the Windfall Bond may be higher or lower than the Bank of England Bank Rate. We refer to the difference (which may be positive or negative) as the "margin". We are able to alter this margin at any time. For any such change, we will give you notice of a least 14 days plus the Windfall Bond's notice period of 35 days.'*

I'm therefore persuaded, considering the timeline for this change, FBS complied with the terms and conditions.

Even though the evidence supports FBS didn't diverge from its terms and conditions, I must also consider whether I think the change was fair.

Having considered the final response letter FBS issued to Mr T, I think it was relatively candid about the reasons for its decision to reduce the rate and the point at which it took this decision. Whilst FBS hasn't given specific details about why it reduced the rate, or extended timeframes, I am satisfied it has provided enough information for Mr T and I to understand this was a commercial decision. Both parties are aware of these reasons so I will not repeat them here.

Generally speaking, our service accepts businesses can and will change products offered for commercially reasons. Businesses are entitled to make such changes for a range of reasons and our service doesn't interfere with such decisions. But our service would expect such changes to be fair and certainly be inline with terms and conditions the parties had agreed to.

In these circumstances, Mr T had chosen to invest with FBS at a rate offered. The announcement of a reduction of a whole 1% within a few weeks of the bond offer ending, was a significant change, and I have no doubt would have influenced Mr T's decision whether to invest or not, had he known at the time. Having said that, I am also mindful Mr T had also chosen to invest in a product which wasn't *fixed*. The terms of the bonds clearly allowed for changes to the rate as I have quoted above, and he doesn't dispute this.

I understand Mr T has asked FBS to provide further information to him about when discussions started. FBS has said this change was agreed in late November, without further details surrounding the timeline. I also think it is unlikely FBS would disclose any such information, which I agree would likely be commercially sensitive.

FBS has said it took the decision on 22 November, I have no reason to doubt this was the date that the senior decision makers for FBS decided the rate should be cut on this product. I expect there would have been a number of commercial factors which led to this decision at that time. I accept it is possible there may have been some indications a rate cut may have been needed before this date, but I'm not persuaded FBS could communicate this before any actual decision was made at a senior level. I also recognise the rate offered at the time was achieved for a few months after the bonds were purchased.

I am therefore not persuaded, on balance, FBS did anything unfair or unreasonable here. I do understand Mr T's point, that FBS would have had some indication it would have had to reduce the rate soon after offering these bonds, but I am not persuaded it was reasonable to expect FBS to give any indication of this before an actual decision had been *made*.

Dealing with some of the other issues Mr T raised, our service is not the regulator. I therefore can't ask or direct FBS to give any undertaking regarding future conduct, or commercial decisions in this decision.

I hope this assures Mr T I have carefully considered the points he has raised, and once again I can see why he would have been disappointed.

My final decision

For the reasons I have given, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 November 2025.

Gareth Jones
Ombudsman