

## **The complaint**

Miss S complains that The Royal Bank of Scotland Plc (“RBS”) hasn’t varied the interest rate on her savings account as she believes it should.

Since this complaint was made, the original entity complained of (Sainsbury’s Bank plc) has now been purchased by RBS and has changed names, so this complaint is now recorded against RBS. For clarity, I will refer to all actions and submissions made before and after this as being made by RBS.

## **What happened**

Miss S opened a Defined Access Saver in April 2022, described as ‘Issue 27’ with a rate of 0.95%. The account continued to earn this rate until 29 May 2023 when Miss S realised that her rate had never changed even though there had been significant increases to the Bank of England base rate. When looking into this, she found that RBS had released new issues of the product she held, the current version of which was offering 3.6%. Miss S thought that her interest rate should have changed, given that the product she held was described as having a variable rate and so she complained to RBS about this.

RBS initially said that Miss S’s account didn’t have a variable rate but then provided terms for her account that it said confirmed that the rate was variable. Miss S tried to get some clarification from RBS but remained unhappy with what it said, so she referred her complaint to our service.

One of our investigators looked into this and found that the terms of the account were clear about how the account would operate and that RBS was under no obligation to tell Miss S about other issues of the account that it had released. But they did find that RBS had provided some confusing information when she was trying to clarify what the term ‘variable’ meant in the context of the terms of her account. For that, the investigator felt that RBS had caused some avoidable frustration for which it should compensate Miss S £100 for.

Miss S disagreed with this – saying (in summary) that the rate was clearly described as variable, yet RBS had never actually varied the rate and so it hadn’t followed the terms where it says that it can increase the rate, yet later confirmed to her that it wouldn’t automatically increase interest rates. Nor did she say that the terms made her aware that she would need to check for new issues of the product when the terms explain that the rate can increase. She felt that the account had been mis-sold and that the £100 compensation was inadequate.

## **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.

## Findings

In deciding what's fair and reasonable in all the circumstances of this complaint, I need to take into account the rules and regulations relevant at the time, amongst other things. At the relevant time here, those included PRIN 2.1.1R of the FCA Handbook – specifically Principle 6, which says *A firm must pay due regard to the interests of its customers and treat them fairly*, and Principle 7 which says that *A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading*.

Miss S says her understanding of the account was that she had opened a variable rate account, where RBS would vary the rate in line with general interest rate increases. In my view the terms and conditions of the account clearly explain how the account will operate:

*“Rates are variable. This means we may increase or decrease interest rates at any time, for example, to reflect a change in the Bank of England bank rate, or if there are changes in the rates of interest which other firms providing similar products pay. We will contact you to tell you when your interest rate changes.”*

I think this is clear that Miss S's account doesn't 'track' or follow any external rates, such as the Bank of England base rate for example. I think the wording above clearly explains that RBS has discretion to vary the rate on the account, rather than obliging it to do so.

Ultimately what happened here was that RBS didn't increase or change the interest rate on Miss S's issue of the Defined Access Saver. Instead, it released new issues of the account paying different (and higher) rates, which the terms and conditions of the account didn't oblige RBS to notify her about.

I see the point that as a variable account, Miss S had an expectation to have received some of the benefit of a rising interest rate market. But equally, I don't think RBS needed to automatically increase the rate on Miss S's account to be in line with new issues of the product that it put on sale for customers. The rate of interest offered on the new issues of the product represented what it was willing to offer to new customers at that time and it was entitled to do that to achieve its commercial aims.

I also have to consider that Miss S appears to have assumed that her interest rate should and would increase, when in fact the terms only said that it might. The terms also explain that it will contact customers if the rate varied, yet RBS didn't suggest or send any communication to Miss S to suggest it had. RBS' terms confirm that it would write to customers if it varied the rate on their account, but it didn't vary the rate on the account - so it didn't write to her. The fact that base rate increased didn't guarantee a corresponding interest rate given the type of product Miss S held and RBS was under no obligation to vary the rate on her account even if it was prepared to offer newer issues of the product with better rates to other customers.

So even though RBS didn't vary the rate it was paying on Miss S's account, I don't find that it was under any obligation to do so, or that it would have been fair to expect it to. So I don't think the account was mis-sold.

RBS has confirmed that it published the details of new issues on its website and that Miss S was always able to apply for these. That's in line with the onus on customers in a competitive market like savings accounts, where it's for customers like Miss S to consider her options and keep an eye out for new products and issues that may better meet their needs. While it'll be frustrating for Miss S to have realised that she missed out on new issues

that had better interest rates, I don't think RBS was under any obligation to notify her each time it released a new issue.

I'll turn now to the service Miss S received after she first queried this situation with RBS and eventually complained. Miss S has understandably mentioned that at one point, RBS told her that "automatically increasing our interest rates isn't something we do". That, in my view, isn't an accurate summary of how RBS administers the interest rate on this account. I've seen that RBS did vary the rate on issues of the Defined Access Saver prior to Miss S's complaint (albeit not on her issue of the product)<sup>1</sup>. It also varied the rate on Issue 27 on 31 August 2023 – although that was after she moved to a new issue. So I'm satisfied that statement wasn't an accurate summary of how this type of account operated.

There was also some clear confusion around how RBS explained the term 'variable' in relation to this account. Sometimes it said the account was variable, other times it said it wasn't. That was unhelpful when Miss S was seeking clarity on just this point and so I think RBS should compensate her for this. Our investigator suggested that RBS should pay £100 for this and I think this is fair and reasonable for the distress and inconvenience caused by this inconsistent information.

### **My final decision**

The Royal Bank of Scotland Plc must pay Miss S £100 for the distress and inconvenience caused by its service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 28 April 2026.

James Staples  
**Ombudsman**

---

<sup>1</sup><https://web.archive.org/web/20240813111112/https://www.sainsburysbank.co.uk/savings/support/faq/defined-access>