

The complaint

Mr C is unhappy that Charter Court Financial Services Limited didn't increase the interest rate on his ISA.

What happened

Mr C opened an ISA with Charter Court on 2 June 2023. A few weeks later, on 22 June 2023, Mr C received an email from Charter Court which explained that, following a base rate interest rise by the Bank of England, the interest rates on eligible Charter Court ISA accounts would be increased accordingly in response.

Mr C assumed that his newly opened ISA would be an eligible account. But he didn't notice any interest rate increase. And so, on 7 July 2023, Mr C contacted Charter Court, at which time he was told that his ISA wasn't an eligible account and so wouldn't be benefiting from any interest rate increase. Mr C wasn't happy about this, so he raised a complaint.

Charter Court responded to Mr C and confirmed that interest rate rises were at their discretion and that they hadn't chosen to increase the interest rate on ISA accounts of the type and issue of Mr C's account. Mr C wasn't satisfied with Charter Court's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Charter Court had acted unfairly as Mr C contended and so didn't uphold the complaint. Mr C remained dissatisfied, so the matter was escalated to an ombudsman for 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

When Mr C opened the ISA with Charter Court, he accepted the terms and conditions of that account. These included that it was at Charter Court's discretion as to whether they would increase the interest rate for that ISA account. This is as per section 20 of the terms and conditions, which includes the following:

"we can (but have no obligation to) proportionately change our interest rates or tiers"

Additionally, the email that Mr C received from Charter Court confirmed that only ISA accounts that Charter Court considered to be eligible would receive an interest rate increase. The email also explained that holders of eligible accounts would be contacted in due course

to confirm that their account was eligible and that it would be receiving an interest rate increase. But Mr C didn't receive any such subsequent communication from Charter Court, because his was an ISA account that wasn't considered by them to be eligible for an interest rate rise. And I feel that this absence of further communication should have indicated to him that his ISA wouldn't be receiving the interest rate increase.

Mr C has explained that he assumed that his ISA would be eligible to receive an interest rate rise and that he feels his account should have benefited from an interest rate rise. But Mr C's assumption was incorrect. And I'm satisfied that it was fair for Charter Court to choose which of their ISA accounts would receive an interest rate rise – in line with their right to make such commercial decisions as described in the terms and conditions of their accounts.

Furthermore, Charter Court explained that Mr C was able to apply for an ISA switch to one of their newer ISA issues that would benefit from an interest rate which was 0.31% higher than the rate on Mr C's ISA account, if he wanted to do so. As such, I'm satisfied that the higher rates of interest that Charter Court offered were available to Mr C.

In his correspondence with this service, Mr C has indicated that he wants this service to instruct Charter Court to administer their ISA accounts differently to how they presently do. But, as explained, this service isn't a regulatory body, and so such instructions fall outside of our remit. And, from a fairness perspective, I'm satisfied that Charter Court have acted within the terms of their ISA accounts, which Mr C accepted when he opened his ISA with them. And I also feel that it's fair for Charter Court to decide how they administer their ISA products, including the applicable ISA interest rates.

All of which means that I won't be upholding this complaint or instructing Charter Court to take any further or alternative action here. I realise this won't be the outcome Mr C was wanting. But I trust he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 February 2024.

Paul Cooper
Ombudsman