

## The complaint

Mr J has complained that Investec Bank PLC removed a loyalty bonus that it had initially offered him in the form of an increased interest rate when he renewed his fixed rate savings account.

## What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

*“Three weeks before the fixed rate savings account was due to mature in June 2023, Investec wrote to Mr J offering him a fixed rate for a further year at 4.80%. This represented the current rate that Investec was offering at that time of 4.75% plus an additional 0.05% to reflect that Mr J was renewing his account. Investec told Mr J that if its interest rates were to go higher in the three week period before his account matured, he would receive the new, higher rate.*

*Investec’s rates did rise before the maturity date, and when Mr J’s funds were moved over to the new fixed rate account, it was arranged on Investec’s latest rate of 5.06%. However, a loyalty bonus of 0.05% was not added to this fixed rate.*

*Mr J complained to Investec about the absence of a loyalty bonus on the new fixed rate account. He stated that it had not been made clear to him that the loyalty bonus would not be available if rates were to rise in the three week period between him being offered renewal at 4.80% and the date that his account matured. Mr J highlighted that the absence of a loyalty bonus being applied when his funds moved to the new fixed rate meant that he received the same rate as a new customer. In his view, Investec had acted unfairly by failing to add a loyalty bonus of 0.05% to the rate of 5.06% applicable to the new account.*

*Investec responded that it had acted in line with the terms of the account. Dissatisfied with this stance, Mr J brought a complaint to this service.*

*Our investigator did not uphold this complaint, concluding that Investec had acted in line with the account terms.*

*Mr J disagreed with the investigator’s findings. He has highlighted that his complaint does not relate to the fact that interest rates offered can go up and down, as he accepts this is the case. However, Mr J’s concerns are specifically about the removal of the 0.05% loyalty rate, which was offered to him three weeks before the account matured, but was then not applied when the new account was set up at the higher interest rate of 5.06%. He has questioned how a loyalty rate can be offered initially, but then not be applied at a later date. He has also stated that it was not made clear by Investec when it initially offered the loyalty bonus that this was dependent on whether interest rates subsequently moved in the final three weeks of the fixed term of the maturing account.*

## What I’ve provisionally 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.*

*Three weeks before Mr J's fixed rate account matured, he received an email from Investec. He was provided with two options – either to receive back the maturity amount, or to renew with a further one year fixed rate. For this latter option, Investec offered a rate of 4.80%, which it stated was “higher than our standard rate at the time of writing”. The standard rate at the time was 4.75%. Although this email doesn't use the term 'loyalty bonus', I consider this is a reasonable way to describe the additional 0.05% being offered.*

*In a section entitled “Our promise on rates”, Investec stated that its aim was “for the renewal rate to be higher than our new customer rate, to thank you for staying with us.”*

*However, this was then qualified in the email as follows: “However, interest rates are changing frequently at the moment and the rate we offer new customers may be the same or higher by the time your account matures.”*

*The document went on to state: “If the rate we offer for new Fixed Rate Saver accounts is higher than the renewal rate when your 1-Year Fixed Rate Saver matures, we'll automatically apply the higher rate to your account.”*

*Having considered this wording carefully, it seems to me that there was an aim on Investec's part for renewing customers to be offered higher rates than new customers. But the wording in the email did not guarantee that this would be the case in all circumstances. Instead, the email explained that should Investec's fixed interest rate rise from that offered to Mr J three weeks before maturity, it would automatically provide Mr J with this new, higher rate. The email did not state that, on top of providing Mr J with this higher rate, Investec would also apply the loyalty bonus of 0.05%.*

*As a consequence, when Mr J's new fixed rate account was arranged, the interest rate was set at the same rate that was available for new customers, that being 5.06%. I note Mr J's comment that he understood that the 0.05% bonus would be applied to whatever rate was in force at the time of renewal, regardless what that rate was. However overall, my view is that the wording used in the above email that he received from Investec made it clear that, where the one year fixed rate had increased during the final three weeks before maturity, the renewed account would receive that new, higher rate. If rates had risen, there was no commitment in Investec's email that the 0.05% bonus would also be added.*

*In conclusion based on the evidence provided, my current view is that Investec did not act unreasonably when it did not apply the 0.05% additional interest rate to Mr J's fixed rate account at the time it was renewed. Whilst I appreciate Mr J is likely to be disappointed with my findings, I do not intend to require Investec to take any further action.”*

### **Responses to my provisional decision**

Mr J has confirmed that he does not agree with my decision. He says that I have focused on the interest rates around the account, but instead he considers the key issue is that he was offered a loyalty bonus as an existing customer, which was in addition to the interest rate. Mr J's view is that it is irrelevant that interest rates increased between the time that he was offered renewal, and the time that his new fixed rate account went into force. He says that Investec should explain why he did not also receive the loyalty bonus when his new account started.

Investec confirmed that it had no further comments to make.

## **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.

When offering a new rate to Mr J for his maturing account, Investec stated that the rate would be 4.80%, which was 0.05% higher than its standard rate at the time. As I explained in my provisional decision, I consider it's reasonable to describe this additional 0.05% as a loyalty bonus.

Mr J says that the subsequent movement in Investec's interest rates in the three weeks before the account matured are irrelevant, because Investec had offered him a loyalty bonus. I have carefully considered his comments, but my view remains that the wording in the email that Mr J received regarding renewing his fixed rate account is key to determining whether Investec has acted fairly.

In the email, Investec highlighted that interest rates were changing frequently. The commitment it gave was that if the rate it was offering for new fixed rate accounts was higher than the renewal rate it was offering on the day that Mr J's account reached maturity, it would automatically apply that higher rate.

Although Mr J has said that the movement in rates should not affect the outcome in this case, and that he was entitled to an additional loyalty bonus, my view remains that the email Mr J was sent prior to maturity did not guarantee that a loyalty bonus would be added to his account in all circumstances. By applying the same rate of interest of 5.06% that was available to new customers, and without then adding an additional loyalty bonus, my conclusion is that Investec did not act unfairly.

## **My final decision**

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 March 2024.

John Swain  
**Ombudsman**