

## **The complaint**

Mr E is unhappy that National Westminster Bank Plc (“NatWest”) haven’t paid interest on his account balance of £1.

## **What happened**

Mr E has a cash ISA with NatWest that benefited from an interest rate of 1.74% per annum. Mr E made a payment from this ISA in July 2021 that left the balance of the account at £1. Mr E expected NatWest to pay 1.74% interest per annum on that £1 – as per the terms of the ISA. This would have equated to 1.74 pence per annum. But Mr E noticed that NatWest hadn’t paid any interest on his ISA for over two years. Mr E wasn’t happy about this, and felt NatWest owed him two or three pence. So, he raised a complaint.

NatWest responded to Mr E and explained that interest on the ISA is calculated and paid monthly, and that because the balance of the account was so low, the monthly interest amount was negligible and always rounded down to zero. Mr E wasn’t satisfied with NatWest’s response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel NatWest had acted unfairly in how they’d managed the situation and so didn’t uphold the complaint. Mr E 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.

NatWest have explained that the interest on the cash ISA Mr E holds is calculated and paid monthly, and that this, combined with the fact that the balance of the account was only £1, meant that each monthly calculated interest amount was negligible and always rounded down to zero.

This seems reasonable to me. And the fact that NatWest calculate interest on the cash ISA on a monthly basis is evidenced both by the Information Sheet that Mr E was presented with when he opened this ISA – which, among other things, explains how interest is calculated on the ISA – as well as by the statements for the ISA, which show that interest has historically been paid on the account on a monthly basis – when the balance of the account has been sufficient to generate such interest.

Mr E doesn’t accept NatWest’s position and feels NatWest should calculate interest on the

ISA differently, to ensure he does benefit from the 1.74% per annum that the ISA advertised. However, I'm satisfied that it's for NatWest to decide how they calculate interest on the account. And, given that how interest is calculated is clearly described on the Information Sheet, as previously explained, I'm satisfied that NatWest haven't acted unfairly here.

I accept that how NatWest choose to calculate interest on the account does mean that an account holder must maintain a minimum balance in the account to obtain the minimum payable amount of 1 pence interest per month. But this fact can be ascertained from the description of how interest is calculated on the ISA as per the Information Sheet. And the only instances where interest won't be paid on a balance is where that balance is sufficiently low – as is the case on this instance – whereby the amounts of interest under consideration are negligible, such as one or two pence per year, which again doesn't feel unfair to me.

I realise this won't be the outcome Mr E was wanting. But it follows from the above that I won't be upholding this complaint or instructing NatWest to take any further action here. I note that Mr E has now increased the balance of his ISA to £7, which should be sufficiently high to attract monthly interest payments moving forwards. And I hope that Mr E will 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 E to accept or reject my decision before 11 April 2024.

Paul Cooper  
**Ombudsman**