

The complaint

Mr K complains that Santander UK Plc failed to credit him with the correct amount of interest on his savings account.

What happened

In early September 2023, Mr K opened a savings account with Santander. He opted to have interest paid on a monthly basis. The interest was due to be paid to the account on the monthly anniversary of opening the account. In October 2023 Mr K received a payment of interest. He said this was paid a day late and that he was only paid 30 days of interest. He said that similarly he was paid in November a day late.

Santander said that there was no error on its part but that it hadn't explained clearly how the interest payments would be made when Mr K opened the account. So it paid Mr K £40 compensation. Mr K still believed that he had lost out on a day's interest and said that he had had other accounts with Santander where the interest had been credited on the correct day.

On referral to the Financial Ombudsman Service our Investigator said, that having reviewed Santander's calculations, Mr K had been paid the correct amount of interest. As the interest is calculated on a daily basis and paid monthly then it would be correct to say that he should be paid 30 days' interest for 30 day months. He noted that for the November payment Mr K had been paid 31 days' interest.

Mr K disagreed and pointed out that his account still showed interest being paid a day late so he was losing out.

The matter has been referred to me for an Ombudsman's consideration.

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 think that our Investigator set out clearly in his view and subsequent email to Mr K how the interest has been calculated on his account. He has also explained to Mr K that the interest would be applied as of each monthly anniversary of the account, so even though it appears on his statement on the next day, he has not lost out.

As I've said Mr K opted to receive his interest on a monthly basis. I can see from Santander's calculations that, for 2023, an annual interest rate was applied to the account and then divided into 365 days. Then the account is credited with the interest every month but this inevitably means that the payment will be more for the longer months, but I don't think that he lost out. For the payments in October 2023 he received 30 days of daily payments of interest although this had to be measured pro rata as he put money into the account in the course of the month. I know his view is that he was paid one day late, but I don't think that means that he lost a day's interest. From the evidence of Santander's

calculations I think the interest was correctly applied to the account as of the monthly anniversary date of the account.

So I don't think that Santander made an error here. Or that it has paid Mr K any less interest than he was entitled to. I note that it didn't give a clear explanation of this when he opened the account and for that it has paid compensation of £40. I think that is an appropriate payment in the circumstances of this case and I won't require Santander to take any further action.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 April 2024.

Ray Lawley
Ombudsman