

The complaint

Miss G complains Barclays Bank UK PLC provided poor service and they've not calculated the interest correctly on her Help To Buy Individual Savings Account (ISA).

What happened

Miss G opened a Help to Buy ISA with Barclays in 2019. She says in April 2023, she thought there was an issue with her interest rate as the amount being paid didn't match the interest rate on her most recent statement. Miss G says that she tried to use their message facility between 26-28 April 2023, but the information given wasn't helpful, and she says she was eventually given the phone number to their ISA team.

Miss G says she rang Barclays, but they couldn't give her the information she asked them, so the call handler made an appointment in the branch for her. She attended the branch on 26 June 2023, and she says she was at the bank for over two hours, and her questions were still not answered. She says she was given incorrect information by Barclays about the account and the interest. Miss G says she asked about the historical interest rate as it had changed multiple times, but she's only been updated twice since the account was opened. Miss G was told she would get a call to answer her questions, but the call handler did not ring at the agreed time. Miss G made a complaint to Barclays.

Barclays did not uphold Miss G's complaint. They apologised for not ringing her when she asked, they said the welcome letter which was sent to Miss G when she opened the account explained that interest was calculated daily using the statement balance and it is paid monthly on the first working day of the month. Barclays said if the interest rate went down they would notify her, but if it went up, they may publish it in the press, which is why they didn't notify her directly when the interest rate recently increased. Miss G brought her complaint to our service.

Our investigator did not uphold Miss G's complaint. He said the terms of the account explain that the interest rate is variable meaning it could change and if it goes down they provide her with advance notice, but they may not inform her if rates go up. He gave the formula that Barclays uses to calculate the interest rate as the amount x rate/ 365 x days in month, which gives the gross interest for the month. He also gave a couple of examples to Miss G to explain that her interest had been calculated correctly.

Miss G asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she was quoted a different interest rate to what was displayed on Barclays website, they didn't give her the historical interest rates for the account, and she thought their interest calculation was incorrect.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Firstly, I'm aware that I've only summarised Miss G's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I've considered whether the interest has been calculated and applied to the account correctly. And I'm satisfied that it has been paid correctly. Miss G has had examples from our investigator where he's been able to demonstrate Barclays have paid the correct amount of interest. And he's also explained that our service doesn't provide auditing of her accounts. I will give her one example of how the interest has been calculated correctly, but as our service is intended to be a quick alternative to the courts, I'm unable to provide any more examples in addition to the examples she's already had.

The example I'll focus on is the interest Miss G was paid on 1 July 2020, as Miss G has queried this interest payment. Her statement shows £5.15 was paid on 1 July 2020 and it covers the period from 1-30 June (2020). There are different things to take into account with this interest calculation. The first thing is that for the first 14 days (1-14 June), the balance of her account was £2,628.86 and the interest rate at the time was 2.55% gross. But on 15 June £200 credited Miss G's account, so the balance at the end of 15 June 2020 was £2,828.86.

But the interest rate reduced to 2.05% gross on 16 June 2020. So Miss G had 15 days (16-30 June 2020) of earning 2.05% gross interest on the higher balance of £2,828.86. So to demonstrate the correct interest was paid on 1 July 2020, I'll break the calculation down into three parts to take into account what I've just mentioned, showing the formula our investigator has given her (although this is slightly amended to show it is not the days in the month, rather the days in that section of the month, due to the change in her balance and interest rate):

The interest for 1-14 June 2020 = £2,628.86 (the amount/balance of the account) x 2.55% (the gross interest rate during these 14 days) divided by 365 (to get the daily interest) x 14 (the days in this calculation period) = £2.57 (rounded to two decimal places). So for 1-14 June 2020, Miss G would have earned £2.57 gross interest.

On 15 June 2020, her balance was £2,828.86 (due to the £200 payment) x 2.55% (gross interest) divided by 365 to get the interest for the day = 20p (rounded to the nearest penny). So on 15 June 2020, the interest for that day with that balance was 20p.

During 16-30 June 2020, her balance was still at £2,828.86, but the gross interest had fell to 2.05%, so £2,828.86 x 2.05%, then divide it by 365 to get the daily interest, and then I've multiplied this by 15 to get the interest for these 15 days = £2.38 (rounded to two decimal places). So for 16-30 June 2020, Miss G would have received £2.38 interest.

So between 1-30 June 2020, Miss G received £2.57 + £0.20 + £2.38 = £5.15 gross interest, which is shown on her statement on 1 July 2020. So I'm satisfied that Barclays have not made an error with the interest calculation.

I've then considered whether Miss G has received poor customer service from Barclays. And at times I do think they've let her down. I say this as I've viewed the chats she had with Barclays in April 2023, listened to the available call recordings and considered what happened when she visited the branch.

On the chats Miss G had with Barclays in April 2023, the answers she was provided were not proportionate to the questions she was asking. And when she asked a relatively straight

forward question, such as what variable interest is (which it would be reasonable to expect a chat agent to be able to answer), she was directed to the phone. So I would have expected the chat agents to be able to answer the relatively straight forward questions Miss G asked them. Or if they didn't know this, it would be reasonable to expect them to check with a colleague to get Miss G the relatively straight forward answer.

I've listened to the phone call Miss G had with Barclays. But on this call, Miss G was told at least six pieces of incorrect information, which resulted in Miss G losing trust in what she had been told, as she knew the information was incorrect. This further complicated matters, and this resulted in Miss G needing a branch appointment in the hope they could explain her queries.

Amongst the incorrect things Miss G was told included the account paid zero interest, bank holidays could affect the interest, the interest was paid at the end of the month, she was given wrong information about notification of the interest rate changing (as the call handler said the interest mustn't have changed if Miss G wasn't notified, not realising they won't directly write to her if the interest rate increases), and she set an expectation that the branch staff would be able to break the interest down (which it appears the branch staff were unable to do).

Miss G also told the call handler about the interest rate on Barclays website, but the call handler failed to realise that Miss G was referring to the Annual Equivalent Rate (AER) of interest and not the gross interest, which further led Miss G to believe she wasn't earning what she should have been earning.

I've considered what happened in the branch. It's difficult to determine what happened in the branch as the appointment wasn't recorded. I've considered what Miss G has said about her experience in the branch, and the branch recollections from the staff involved, but this appointment happened several months ago.

It's not in dispute that Miss G spent a very long time in the branch. I'm persuaded that because of the phone call she had with Barclays, she was expecting the branch staff to be able to answer all of her queries, but it appears the branch staff weren't able to do this, which would further distress Miss G. I think it's probable she mentioned the AER interest on Barclays website, and they didn't explain the differences between gross interest and AER to her. If they were able to explain this, and link this to the account paying the gross interest, then it might have dispelled Miss G's fears she wasn't earning the correct interest rate.

The branch staff also didn't have access to the historical interest rates. And Barclays website does not display these (apart from the last interest rate), so Miss G was unable to obtain this information in the branch. Her statements showed the gross interest rate at the statement date, but it didn't show her the interest rate during the statement period (if it had changed).

While it is up to Barclays how they display information on their statements, this resulted in Miss G calculating the interest differently to what was displayed on her statement, making her further believe that Barclays had given her the wrong interest amount, and as the branch staff didn't have the historical interest rates, they'd be unable to explain the exact date when the interest rate changed. Miss G would also be possibly unaware of the date the interest rate changed – unless the interest rate went down, which she would be notified about. Our investigator has since been able to obtain the historical interest rates for Miss G and he has forwarded this to her.

As Miss G wasn't able to get the information she needed from the branch, she raised a complaint. Miss G says that she was told she would get a phone call from somebody who could explain everything to her. Based on the circumstances, I'm persuaded it was likely

Miss G was told this by the branch staff.

But this didn't happen. While Miss G did get a call, it was not around the time she asked for the call (was almost eight hours earlier than when she wanted), which would be further distressing for Miss G, and because it wasn't convenient for Miss G to talk then, she was deprived of the opportunity to discuss this with the call handler. She asked if anybody else could ring her after 5:30pm, but the call handler said she didn't know if anyone in the team would be working after then, so it appears the branch staff set an expectation for Miss G that she could get a call at a time she ultimately probably couldn't get a call.

So I've considered what would be a fair outcome for this complaint. While I have no doubt the interest Barclays have applied to Miss G's account is correct, she's faced a multitude of service issues, often being told incorrect information – which a lot of it was basic, and it would be reasonable for staff to be able to answer some of the questions that Miss G asked. And she experienced poor service over multiple channels (eg chat, phone and branch) as ultimately none of the staff in these channels were able to answer her queries.

So I'm persuaded that £200 compensation should be paid to Miss G to recognise the distress and inconvenience that she suffered as a result of the incorrect information, and service she had. I'm persuaded that this is a fair amount which recognises the impact the service had on her. So it follows I intend to ask Barclays to put things right for Miss G."

I invited both parties to let me have any further submissions before I reached a final decision. Both parties accepted the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask Barclays Bank UK PLC to pay Miss G £200 for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint in part. Barclays Bank UK PLC should pay Miss G £200 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 14 May 2024.

Gregory Sloanes
Ombudsman