

## The complaint

Mr M complains that Santander UK Plc misled him regarding wording they used on a Key Facts document.

## What happened

Mr M opened an account with Santander. He said he viewed the Key Facts document for the account and while it said the interest rate was variable, it also said 5.20% interest was paid for 12 months from account opening. He says he understood this to mean that Santander were offering him an interest rate of 5.20% for the first year and the rate may change after this time. He considers that the wording Santander used misled him, as they wrote to him in March 2024 to inform him the interest rate would be reducing to 4.20%. Mr M made a complaint to Santander.

Santander did not uphold Mr M's complaint. They said his account has a variable interest rate which means it can go up and down, and this would have been made clear to him when he opened the account. Mr M brought his complaint to our service.

Our investigator did not uphold Mr M's complaint. She said the Key Facts document showed that the interest rate on the account was variable. Mr M asked for an ombudsman to review his complaint.

## 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've reviewed the Key Facts document that Mr M would have viewed prior to him opening his account. In the summary box, there is a section which says "*What is the interest rate?*" In this section under "*If interest is paid annually*" it says "*5.20% AER/gross (variable) for 12 months from account opening*". So I do think this is clear that the interest was variable for 12 months from account opening. I say this as if the interest rate couldn't change during these 12 months, then I would expect the Key Facts to say the interest was fixed, and not variable.

The relevance of the 12 months mentioned on this document is because the Key Facts shows in the section "*At the end of the term*" that "*The term of the account is 12 months. At the end of the term, we'll transfer your account to an Everyday Saver.*" So again, I think this is clear there is a term for the account Mr M opened, which was 12 months, and after this, Santander would transfer his account to an Everyday Saver.

I'm also persuaded that there was more information on the Key Facts document which made it clear the interest rate wasn't fixed. I say this because the document also shows "*Can Santander change the interest rate?*" The answer provided was "*Yes, we can change the interest rate on this account as explained in the general terms.*"

As the account term was 12 months, and Santander said they can change the interest rate on this account, then I'm satisfied that Santander didn't set an expectation that the account

interest was fixed. I've viewed the general terms, and this shows that for Santander to be able to reduce the interest rate on an account, they must provide at least two months' notice of the reduction of the interest rate.

Mr M has provided our service with a letter Santander sent him dated 9 March 2024. This informs him the interest rate on the account will be reducing to 4.20% on 20 May 2024. Again, this letter reiterates the interest on the account is variable. So I'm satisfied that Santander acted within the general terms by providing Mr M with the required notice in order to reduce the interest rate on his account.

There is another indication on the Key Facts document that the interest rate isn't fixed during the 12 month period. I say this as there is an example of an estimated balance after 12 months based on £1,000 deposit. To work out the estimated balance, Santander explain they have used assumptions. One of these assumptions is that "*There is no change to the interest rate*". So if the interest rate was fixed, Santander wouldn't need to use this as an assumption, as it couldn't change if it was fixed, so this is another reason that the interest rate could change with this being included in this section.

In addition to this, the Key Facts document, under the "*Our rights under our agreement with you*" has a section which says "*Changing or ending the agreement*". Here it includes the wording "*We can change the interest rate (unless it's fixed), fees or other terms at any time by giving you notice*". So as there is no mention of the interest rate being fixed on this account (it clearly shows it's variable interest), then Santander could change the interest rate at any time, by giving Mr M notice – which they did. So it follows I don't require Santander to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 August 2024.

Gregory Sloanes  
**Ombudsman**