

## **The complaint**

Mrs G is unhappy that Lloyds Bank PLC didn't correct an incorrect interest calculation she made when in branch to open a savings account.

## **What happened**

Mrs G opened a twelve-month fixed-term savings accounts with Lloyds during an in-branch appointment. The savings account paid 6.25% interest and allowed a maximum monthly deposit of £400.

During the appointment, Mrs G stated her intention to fund the savings account with the maximum permitted deposit of £400 per month, and her daughter, who was present at the appointment with Mrs G, made a calculation of how much interest Mrs G would receive at the end of the twelve-month term.

However, when the twelve-month term ended, Mrs G noticed that the amount of interest that Lloyds had credited to the savings account was less than she'd anticipated receiving. Mrs G wasn't happy about this, especially as Lloyds' staff member who'd conducted the appointment when she'd opened the savings account hadn't suggested that the interest calculation undertaken by her daughter was incorrect. So, she raised a complaint.

Lloyds responded to Mrs G and confirmed that interest had been paid correctly on the savings account in line with the terms and conditions of the account. However, Lloyds couldn't locate a recording of the appointment, and so they accepted Mrs G's position that their staff member hadn't corrected Mrs G's incorrect expectation about the interest she would earn.

Lloyds apologised to Mrs G for this and made a payment of £30 to her as compensation for any trouble and upset she may have incurred as a result – although they noted that information about how interest would be accrued on the account was included in the account literature that Mrs G had been provided with at the appointment. Mrs G wasn't satisfied with Lloyds' response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Lloyds should fairly be asked to pay the interest that Mrs G had incorrectly expected to receive, and they felt Lloyds' response to Mrs G's complaint, including their apology and payment of £30 compensation, already represented a fair resolution to what had happened. Mrs G didn't agree, 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.

Mrs G has explained that during the appointment when she opened the savings account, her daughter verbally calculated the amount of interest Mrs G would earn if she opened and fully

funded the account in question. However, Mrs G's daughter appears to have gotten her calculation wrong and based it on Mrs G receiving interest on the total amount that she would invest during the twelve-month term for the full twelve-month term. Specifically, that Mrs G would earn 6.5% interest on £4,800 (12 x £400 month deposits) equating to £312.

However, as explained, Mrs G's daughter's calculation was wrong. And this is because the savings account pays interest daily, which means that Mrs G's first £400 deposit would earn interest for twelve months, while the second £400 deposit (made the following month) would only earn interest for eleven months, and so on.

How interest is paid on the account is clearly explained in the terms and conditions of the account, which Mrs G was provided at the time of appointment, as follows:

"As we work out your interest each day and pay it at the end of 12 months, you won't get a full year's interest on all your savings. For example, if you save £100 each month, we'll pay interest on your first £100 for 12 months, the second £100 for 11 months, and so on."

As such, I'm satisfied that information about how interest would be calculated on the account was made available to Mrs G when she opened the account. And I'm also satisfied that interest has correctly been paid to Mrs G on the savings account in accordance with the terms of the account.

Additionally, how Lloyds calculate interest on the account makes sense to me and doesn't seem unfair. And this is because I feel it's unreasonable to expect a bank to pay interest on money for time which that money hasn't been deposited with the bank.

Mrs G is unhappy that the Lloyds staff member who conducted the appointment didn't correct her daughter's incorrect interest calculation, which she feels led her to develop an incorrect expectation of the amount of interest she would receive at the end of the twelve-month term.

Since responding to Mrs G's complaint, Lloyds have been able to locate a recording of the appointment in question, which they've provided to this service. However, upon listening to this recording, while it's evident that Mrs G's daughter does speak, it isn't clear from the recording exactly what she says.

However, I'm happy to accept Mrs G's position that her daughter did verbally state an incorrect interest calculation which Lloyds staff member didn't correct. But I don't feel that it follows from this that Lloyds should be expected to pay Mrs G interest on the account in line with her daughter's incorrect calculation as Mrs G would like.

This is because, as explained above, the correct information about how interest would be calculated on the account was provided to Mrs G at the time of the appointment. And I don't feel that it would be fair or reasonable to instruct Lloyds to pay interest to Mrs G on money that she hadn't deposited with Lloyds.

All of which means that I don't feel that Mrs G has been treated unfairly by Lloyds regarding the amount of interest they've paid to her – which as explained, I'm satisfied is correct and in accordance with the terms of the account. But where Mrs G has been treated unfairly is that she was allowed to develop an incorrect expectation of the interest she would receive because Lloyds staff member didn't correct her daughter's incorrect interest calculation.

Lloyds have apologised to Mrs G for not correcting this incorrect expectation she developed.

And Lloyds paid £30 to Mrs G as compensation for any trouble or upset she may have incurred as a result. This feels fair to me, and I don't feel that Lloyds should be instructed to take any further action beyond this.

I take this position because, as explained, while Lloyds didn't correct Mrs G's incorrect expectation, they did provide the correct information about how interest would be accrued on the account to Mrs G at the time of the appointment. And, ultimately, I don't feel that it's Lloyds' fault if Mrs G chose to rely on the incorrect calculation conducted by her daughter rather than on the correct information she was provided by Lloyds. Furthermore, as explained, I'm also satisfied that Mrs G has received the correct amount of interest that she should have received on the account.

So, while Mrs G did develop an incorrect expectation here, which Lloyds staff member didn't correct, I don't feel Mrs G incurred any financial detriment (because she received the correct interest amount) and I feel that Lloyds' payment of £30 already fairly compensates Mrs G for not correcting her incorrect expectation.

Importantly, it was never the case that Mrs G would have earned interest on the account in line with incorrect interest calculation conducted by her daughter. And I reiterate that I wouldn't consider instructing a bank to pay interest to an account holder for time when the money in question hasn't been deposited with the bank.

I take this position in consideration of the circumstances of this complaint as I've described them, and in consideration of the general framework this service uses when assessing compensation amounts, details of which are available on this services website.

All of which means that I won't be upholding this complaint or instructing Lloyds to take any further action here. In short, this is because I'm satisfied that the response that Lloyds have issued to Mrs G already provides a fair and reasonable resolution to this complaint.

I realise this won't be the outcome Mrs G was wanting, but I hope that she understands, 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 Mrs G to accept or reject my decision before 16 December 2024.

Paul Cooper  
**Ombudsman**