

The complaint

Miss J complains that National Savings and Investments (NS&I) transferred premium bonds to a different account when she turned 16.

Ms O brings this complaint on behalf of her daughter, Miss J.

What happened

In November 2018 Ms O purchased premium bonds on behalf of her daughter, Miss J. The premium bonds were held in Ms O's account after the purchase went through. In November 2019 NS&I moved the premium bonds into an account in Miss J's sole name. NS&I has explained that when a customer turns 16 they become responsible for their own investments.

Ms O complained and explained she had a court order that said she was responsible for managing her daughter's financial affairs until she turns 18. NS&I didn't agree an error had been made. NS&I said it wrote to Miss J, the owner of the premium bonds, in November 2019 and asked her to get in touch. NS&I also said Miss J could register to access her account online or over the phone by completing a registration form. NS&I didn't uphold the complaint.

On Miss J's behalf, Ms O referred the complaint to our service and it was passed to an investigator. The investigator said NS&I had acted in line with the account terms. They also said the court order didn't apply to NS&I. Ms O asked to appeal and said she was concerned that both she and Miss J should have been told about the transfer before the premium bonds were moved. Ms O said she wasn't aware that the premium bonds would be transferred to Miss O's account on her 16th birthday and that she would have acted differently if she'd known. Ms O also said NS&I's actions meant there was a two month period after Miss J's birthday when it wasn't possible to gain access to the funds.

As Ms O asked to appeal this complaint it's been passed to me to make a 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.

I do understand why Ms O is concerned and it's clear she didn't expect for the premium bonds to be transferred to Miss J's own account on her 16th birthday. I've looked at the court order Ms O has sent in and can see she is responsible for managing Miss J's financial affairs until she turns 18. I don't doubt that Ms O expected the premium bonds to have remained under her management until that time. But, I haven't found that NS&I has made a mistake or treated Miss J unfairly in this case.

I've looked at the information provided by NS&I when Ms O opened the account and I agree it doesn't appear to specifically state the premium bonds will fall under the premium bond holder's control when they turn 16. But the account information does say that premium bonds can only be bought for on a child's behalf unless there is a power of attorney in place. I've also looked at NS&I's website to see what information is available and found confirmation that when a premium bond holder turns 16 they become responsible for their own account.

I think it's reasonable to note that there has been no financial loss in this case. The premium bonds were always owned by Miss J but controlled via Ms O's account. Miss J hasn't lost out because of NS&I's policy of transferring control when premium bond holders turn 16.

Ms O has pointed to the court order to demonstrate she is in charge of her daughter's financial affairs. But, as the investigator said, NS&I isn't party to the court order and isn't bound by its terms. The court order relates to Miss J and Ms O, not NS&I.

Ms O says NS&I's actions led to a delay in Miss J gaining access to her funds. But I can see NS&I wrote to Miss J in November 2019 and asked her to complete a registration form, including a witnessed signature. But when the registration form was returned, NS&I had to send it back as the signature hadn't been witnessed. NS&I received a correctly completed registration form on 16 December 2019 and activated Miss J's online account on 20 December 2019. I haven't found an unreasonable level of delay by NS&I here.

NS&I says Ms O can continue to manage Miss J's premium bonds if she obtains and forwards a Power of Attorney. Miss J will need to decide how to proceed but if she doesn't give Power of Attorney to Ms O the premium bonds will remain in her account.

I'm satisfied NS&I has dealt with Miss J's complaint fairly, so I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 13 July 2020.

Marco Manente
Ombudsman