

The complaint

Mr R complains National Savings and Investments (“NSI”) obstructed him from opening a savings account and withdrawing his money. To put things right, he wants NSI to change how it verifies its customer’s identity over the phone.

What happened

In September 2019, Mr R’s NSI savings certificate matured. He’d opened the account around 20 years before. Mr R wanted to move this money into a new NSI savings account. As Mr R didn’t hold a savings account with NSI, he wanted to apply and set one up.

Mr R wasn’t registered for NSI’s online and phone services. So, as he couldn’t open a savings account and transfer his matured funds to that account online, he called NSI for help.

NSI’s agent tried to register Mr R for online and phone services, but they first needed to verify it was Mr R they were speaking to. They asked him a series of ‘*knowledge based authentication*’ questions.

NSI use questions given to it by a third-party company who specialise in this type of activity. To keep matter simple, I’ll refer to that organisation as ‘Company A’.

Mr R was unable to answer these questions, so NSI were not able to verify him and register him for its online and phone services.

Mr R says he was asked difficult questions about bank accounts he had opened a long time ago. And, as he had accounts with all the banks he was questioned about, he couldn’t answer the questions correctly. Mr R asked NSI if it could ask him other questions, but NSI refused. It explained he would need to complete a registration form and send it in by post

Mr R says he then wanted his account closed and his funds sent to him by cheque. NSI explained Mr R would need to complete another form for this to happen. Mr R printed off the form, completed it, and sent it to NSI.

A few days after Mr R received a letter from NSI explaining he’d been chosen for a random check. And this meant he would now need to complete another form which required his signature be witnessed before any funds were released to him.

Unhappy with what was happening, Mr R complained to NSI. NSI didn’t uphold Mr R’s complaint. In summary, some of the key points it made were:

- Company A provides a service by which NSI can ask questions designed to identify the genuine customer from their banking and electoral roll information. If they’re not answered correctly, NSI can’t progress the call
- Mr R’s request to withdraw his funds was randomly chosen for a security check. That’s why he was asked to complete a further form requiring his signature to be witnessed

Mr R referred his complaint to this service. I note that before the matter was picked up by one of our investigators, NSI says the following happened:

- NSI received Mr R’s witnessed form and instructions to cash in his savings certificate

with it. NSI issued a crossed warrant - which is like a cheque - in early October 2019.

- Mr R called four days later to say he hadn't received the crossed warrant. On the same day NSI cancelled the warrant and sent the funds by BACS transfer.

Our investigator looked into Mr R's complaint. In summary, they said:

- NSI needed to ask Mr R questions provided by Company A, as they have regulatory, including data protection, obligations to adhere to.
- Mr R's request to withdraw his funds was selected for a security check as NSI didn't have his signature on file. NSI were entitled to require Mr R to complete the form and hadn't caused an unnecessary delay.
- NSI do not hold a record of Mr R's signature on the other profile – that product was purchased over 30 years ago.
- NSI became aware that it held two customer profiles for Mr R, and it merged them, but this did not have any bearing on what it asked Mr R to do.
- NSI need to ensure the investment is paid to the correct person, and it didn't have enough information to that in regard to Mr R. So, asking for Mr R's signature to be witnessed was reasonable.

In addition to what Mr R said previously, he made the following points in response to our investigator's view:

- He is making this complaint to make improvements for other people in the future
- His wife was able to arrange her matured savings to an NSI savings account without any issue and delay
- NSI should have checked if they had his signature at the point of sending the withdrawal process form
- If NSI could write to Mr R to explain his saving certificate had matured, why couldn't they have sent the cheque too

The matter has now been passed to me to decide.

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.

And having done that I've decided not to uphold Mr R's complaint. I know my decision will disappoint him – so I'll explain why.

Mr R is clearly unhappy with the type of questions NSI asked to verify his identity, and that it didn't ask him further questions he had a better chance of answering. I note he's unhappy NSI use Company A to provide these questions.

What's key here is that NSI, like other financial service providers, have certain legal and regulatory obligations to follow. And asking questions to authenticate customers is part of this. It's unfortunate Mr R found the questions difficult to answer. But I'm satisfied NSI acted fairly – and in line with its obligations.

The robustness of NSI's customer verification process is for NSI to determine - ultimately it must be satisfied it's dealing with a legitimate customer. So it follows that I'm not persuaded NSI has done anything wrong by using Company A to provide it with the security verification questions to ask its customers. Ultimately it is down to NSI to determine how it meets its obligations.

The Financial Ombudsman Service exists to answer individual complaints. We do not set the regulations firms must follow or monitor firms' conduct. So, it's very unlikely asking a firm to change how it conducts its business as a whole will be an appropriate individual resolution to a complaint. After all, this would impact all NSI's customers, who aren't bringing complaints to our service, and who may be happy with NSI's level of customer verification.

I do however acknowledge NSI's process caused Mr R a delay in getting his money and would have no doubt caused him some inconvenience. But as I've said, these verification processes, despite how robust they may be, are designed to protect *all* the business's customers. So I don't think it would be proportionate for me to recommend NSI make changes to these processes based on what I've seen in this complaint.

Mr R says NSI should have checked his other saving and investment products for a signature. NSI says it doesn't hold a signature for those products. I note they were equally, if not older, in terms of when they were taken out. So I'm satisfied NSI couldn't have done anything more.

Mr R has questioned why NSI didn't send him the form that needed his signature witnessed at the point when he was asked to complete the withdrawal process form. No doubt had this have been done at that point, the requirement for a witnessed signature later down the line could have been mitigated.

I think this is a valid point Mr R makes. NSI should ensure it knows whether what it asked him to do was right. So I think NSI could have done things better by sending Mr R the form requiring a witness signature sooner than it did. That means there's a possibility some time, possibly around a week or two may have been saved in Mr R getting his money sooner than he did.

But I note Mr R wanted to buy a car using his funds, and I haven't seen anything to show he's lost out by not getting the money sooner than he did. So I think it's unlikely he has suffered any real detriment by this delay of up to two weeks.

I note Mr R says his wife didn't have to go through the same process he did as she was able to transfer her matured funds by setting up an NSI savings account online. NSI say Mr R's wife had already set up her online services. So she wouldn't have needed to call NSI and go through the same process as Mr R.

Lastly, and for the sake of completeness, Mr R questions why NSI didn't send him a cheque in the post in the same way it told him his savings certificate had matured. But sending a cheque and being satisfied it's going to is the legitimate owner, is very different from letting someone know those funds are matured.

So I'm satisfied NSI have acted fairly by not sending the cheque in the post to Mr R when he says they ought to have done so.

My final decision

My final decision is that I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 June 2021.

Ketan Nagla
Ombudsman