

The complaint

Mr C is unhappy that his request to National Savings and Investments (NS&I) to encash an income bond wasn't actioned in a reasonable time, and with difficulties he had when trying to log into his NS&I account through the mobile app.

What happened

In November 2020, Mr C attempted to log into his NS&I account via the mobile app as he had often done before but found that NS&I's security system no longer recognised one of the keys on his mobile phone. Mr C then telephoned NS&I and spoke with an agent who attempted to verify Mr C's identity via the asking of security questions.

Mr C couldn't answer the security questions correctly and was deemed to have failed the security process. Mr C wasn't happy about this and felt that the security questions, which were based on historical credit file information provided to NS&I by a credit reference agency, weren't reasonable. Mr C was also unhappy that the only option available to him having failed security was to have a temporary password sent to him in the post.

NS&I's agent then explained to Mr C how he could complete an online form to allow his intended request – a withdrawal from his NS&I holding – to be made. However, Mr C didn't receive the money from the withdrawal in the timeframe he was expecting, and when he called NS&I about this he was told that his withdrawal request was delayed because it had been flagged by NS&I for additional security checks.

Mr C eventually received the withdrawal funds at the end of December 2020, approximately five weeks after he'd made the withdrawal request. Mr C wasn't happy about this, or with the issues he'd had trying to log into his account, so he raised a complaint.

NS&I looked at Mr C's complaint. They felt that the security processes they had in place were fair, including the further checks they'd undertaken following Mr C's withdrawal request, and they noted that they'd had reduced staff numbers at the time of Mr C's withdrawal request because of the ongoing impact of the Covid-19 pandemic, which they felt reasonably contributed to the delay completing that request. So, they didn't uphold Mr C's complaint.

Mr C wasn't satisfied with NS&I's response, so he referred his complaint to this service. One of our investigators looked at this complaint. They also didn't feel that NS&I had acted unfairly towards Mr C by following the security processes that they had. However, they felt that NS&I hadn't processed Mr C's withdrawal request in a reasonable amount of time, and so they upheld Mr C's complaint on that basis and said that NS&I should pay £250 to Mr C.

NS&I didn't agree with view of this complaint put forwards by our investigator, 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.

I can appreciate how it must have been frustrating for Mr C to have been unable to log into the NS&I mobile app as he'd done previously because the app no longer recognised one of the keys on his mobile phone. And I can similarly understand how that frustration might have been compounded by the nature of the security questions that NS&I asked Mr C when he subsequently contacted them by telephone.

NS&I have stated that there wasn't any fault with their mobile app at the time in question, and so while the nature of why Mr C wasn't able to log in to his account using his phone isn't clear here, there were other ways for Mr C to contact NS&I and access his account at that time, including via telephone. And, while I appreciate that Mr C was inconvenienced by not being able to answer the security questions when he telephoned NS&I, I feel that such inconvenience is warranted in this instance, given that the purpose of the questions are to ensure that NS&I are accepting instructions on the account from an authorised person.

Mr C has stated that he feels that the nature of the questions he was asked in order to verify his identity weren't reasonable, given that they included information about old credit accounts that he doesn't feel anyone should realistically be expected to remember. But it's for NS&I to decide on the structure of their security protocols and it isn't within the remit of this service to instruct NS&I to change those processes here. And it follows from this that I don't feel that I can uphold this aspect of Mr C's complaint as he would like.

However, I do feel that the amount of time that NS&I took to process Mr C's withdrawal request wasn't reasonable in this instance, and I say this even taking into consideration the additional security checks that NS&I undertook on the request, which I felt were reasonable, and NS&I's comments about the effects of the Covid-19 pandemic on their staff levels and correspondingly on their ability to reasonably process customer instructions.

NS&I have confirmed that Mr C's withdrawal request was flagged for additional checking the day after he made the request, meaning that it was still approximately five weeks after the need for additional checks was recognised that Mr C's withdrawal request was completed.

While I accept that such further checks can be warranted, the amount of time it took NS&I to complete these checks and process Mr C's withdrawal instruction doesn't feel fair to me. And while it may have been the case that NS&I were experiencing staff shortages at that time, it must be noted that these events were in late 2020, several months after the effects of the Covid-19 pandemic on businesses such as NS&I were first felt in the early spring of that year. And so it would be expected that NS&I, by the time of Mr C's withdrawal request, would have had more effective measures in place to ensure that instructions such as Mr C's weren't unreasonably delayed – as I feel was the case in this instance.

All of which means that my final decision here will be that I am upholding this complaint in Mr C's favour on the basis that he didn't receive his requested withdrawal funds in a fair and reasonable timeframe. Mr C has stated that his intention was to place the withdrawn funds into an interest-bearing account and that the delay in receiving the funds meant that he incurred a loss of interest of approximately £250. Mr C's position here seems reasonable to me, and so I will be instructing NS&I to make a payment of £250 to Mr C accordingly.

Putting things right

NS&I must make a payment of £250 to Mr C.

My final decision

My final decision is that I uphold this complaint against National Savings and Investments on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 April 2022.

Paul Cooper
Ombudsman