

## **The complaint**

Ms E complains about issues she encountered and the service received when she tried to transfer some of her funds held with National Savings and Investments ('NSI').

## **What happened**

The background to this complaint is well known to both Ms E and NSI. I won't repeat in detail what is already known to both parties. In my decision, I'll mainly focus on giving the reasons for reaching the outcome I have.

On 24 March 2021 Ms E tried to make a withdrawal from an account held with NSI. She intended to transfer the funds to a different account to replace funds that she had withdrawn from that account. The transfer was time specific, as Ms E needed it to complete before the end of the financial year.

NSI's system flagged the transaction as unusual and a block was temporarily placed on Ms E's account whilst NSI looked at the transaction in more detail. The end of financial year deadline passed and Ms E contacted NSI on a number of occasions for updates. NSI say the block was eventually lifted on 14 April 2021. Ms E says this wasn't communicated to her and, in total, seven weeks passed before she was made aware that the block no longer applied.

Ms E raised a complaint with NSI. They partially upheld her complaint because of the service they'd provided and for some communication issues. They awarded Ms E £100. Unhappy, Ms E referred her complaint to our Service for an independent review. Our investigator recommended that NSI didn't need to do anything further. Ms E didn't accept, so the complaint was passed to me for a decision.

I sent a copy of my provisional findings to both parties recently. I outlined that I intended to increase the compensation award from £100 to £300. As both parties have now had an opportunity to respond, I've now considered the complaint 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.

Both parties responded to my provisional decision. Ms E provided a more detailed response outlining why she disagreed. NSI queried the compensation increase but didn't add any new points. As my provisional findings form part of this, my final decision, I've included the relevant findings below and will address any points raised in response later in my final decision.

Relevant extracts from provisional decision:

*"The delay in Ms E being able to access her money*

Understandably, Ms E was very frustrated when this situation arose. She is correct that NSI's website states that payments of up to £50,000 would usually around one day to complete and for larger amounts, a maximum of three days. But in Ms E's case, the payment was for over £100,000 and this was the first time she had made a large transfer of this nature.

Coupled with the additional increase in high value frauds and scams that arose during the COVID-19 pandemic, I don't find it unusual that NSI would flag this transaction as unusual and one they needed to carry out due diligence on as a responsible financial institution. The action taken by NSI in taking time to carry out additional checks here is also in line with the terms and conditions Ms E agreed to:

*"...When carrying out your instructions there may be some situations that cause the transaction to be delayed. If NS&I identifies a risk to the security of your account, it may stop, suspend or restrict your ability to make payments out of your account online or by phone. It will try to let you know before it stops, suspends or restricts your ability to make withdrawals online or by phone, and give you a reason for doing this."*

Overall, the additional checks NSI decided to carry out were reasonable and proportionate to the perceived risk.

I've carefully considered what the impact of this delay was on Ms E. Without going into detail, she needed this transfer to go through by the end of the financial year [amended]. But I find it was reasonable and proportionate of NSI to carry out these – even if it was approaching the end of the financial year. As I don't find NSI were unreasonable to pursue this course of action, I've not then considered the financial implications Ms E has described. Had I found that NSI acted unreasonably in following their process/policy here, I'd then be considering how that has financially impacted Ms E.

#### *The service received*

NSI accept the service delivered could've been better. Therefore, my decision will only consider whether what they've offered (£100) goes far enough to recognise the impact of the service delivered on Ms E. In summary, I don't find that it does and I'll explain why below. But I want to be clear to both parties - my intended decision to increase the compensation to Ms E is *not* related to the financial losses she's alleged in this complaint – for the reasons explained in the previous part of my decision.

It's clear that by the time the block on this account was lifted, the small window Ms E had to transfer funds to another account had passed and those investment opportunities missed.

Our investigator has referred to this in their assessment. But that doesn't mean the non-financial impact on Ms E has been lessened. Rather, I find that by NSI not clearly communicating to Ms E that her account restrictions had been lifted, they've drawn out the impact on her for much longer than could be said to be reasonably acceptable.

Weeks of uncertainty and frustration could easily have been avoided if NSI had clearly communicated that the concerns they had were resolved on or around 14 April 2021. Instead - it wasn't until around four more weeks had passed that Ms E was clearly updated.

For this reason I intend to direct NSI to increase the compensation for the service they've delivered from £100 already paid to £300. This prolonged period of impact was completely avoidable."c

### *Ms E's response to my provisional findings*

I've carefully considered Ms E's response but it doesn't change the outcome I've reached. Ms E has pointed out an issue with the end of financial year deadline for 2021. I have amended my decision. Likewise, the provisional findings should have read 'unusual' transaction, not 'usual'.

Firstly, our Service can and does consider the associated financial implication of a businesses' actions – but only where we find that they've made an error or done something wrong. This is in line with our general approach to complaints we consider.

In Ms E's case I've considered the evidence, but concluded - on balance, that it wasn't wrong of NSI to pause and consider the transactions in more detail - therefore I'm not making any award for any associated loss (loss of investment opportunity) arising out of their actions.

What I have found is that NSI should have communicated that the block had been lifted – much sooner than they did. To explain this differently, if NSI had concluded their investigations and lifted the account block *prior* to the financial year deadline, then there's a clear impact on Ms E as she could have made her transfers prior to the deadline. But in this case, NSI didn't conclude their investigations until *after* the deadline had passed.

Finally, our Service's remit doesn't extend to telling businesses to change their processes or how they display information related to withdrawals.

I know my decision will disappoint Ms E, but it brings to an end our Service's involvement in trying to informally resolve her dispute with NSI.

### **Putting things right**

NSI should now pay Ms E a total of £300 compensation. If they've already paid her £100, they now need to pay an additional £200.

### **My final decision**

For the reasons set out above, I partially uphold this complaint. National Savings and Investments should now follow my direction as set under the heading 'Putting things right.'

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 4 October 2022.

Daniel O'Shea  
**Ombudsman**