

## **The complaint**

Mr G complains about the actions taken by National Savings and Investments (NS&I) in relation to his premium bonds account.

In summary, he's unhappy NS&I asked him to repay bonds he'd previously cashed in, then closed his account and removed the remaining bonds in it.

## **What happened**

Mr G was given a premium bond in August 2016, which had originally been bought by his late grandmother in 1963. Mr G says both he and his wife contacted NS&I in August 2016 to see if any prizes had been won. Mr G says they were told the bond had won a substantial amount, but he would need to register his details online to move forward.

Once registered, Mr G says he saw that the bond appeared to have won prizes, which brought the total account value up to £2,801. Mr G cashed in £2,500 and left £301 in the account.

In September 2020, NS&I wrote to Mr G and explained it had recently found that £2,499 of the £2,500 Mr G cashed in were actually bonds purchased by another customer, which had been wrongly registered under Mr G's account number. NS&I said Mr G wasn't entitled to those funds and asked him to repay them. Mr G says he didn't receive this correspondence, and only received later correspondence in January 2021 outlining the same. Mr G was unhappy about the matter and complained to NS&I. In response, NS&I maintained that the funds needed to be repaid, but it also appreciated that the error would've caused Mr G distress. So, NS&I paid him £75 compensation.

Mr G remained unhappy and said he hadn't been given an explanation about what had happened. He wanted to know where the balance of £301, inclusive of the original £1 bond, had gone. And, he asked whether the £301 he'd left in the account had won any prizes. He also pointed out that his account had since been closed, which he was unhappy about. Mr G ultimately brought his complaint to this service.

One of our investigators reviewed matters. In summary, he thought NS&I could fairly ask Mr G to repay the funds, given that they belonged to another customer. However, he thought it should increase its offer of compensation to £250, reinstate Mr G's account with the original £1 bond in it and complete retrospective prize checks, ensuring Mr G was provided any prizes rightfully accrued.

Mr G disagreed with the investigator's opinion and mostly repeated his earlier points. He also said NS&I told him it was no longer seeking to recover the funds. NS&I also responded and ultimately agreed to the recommendations in the view but said it would use the additional compensation to reduce the amount it was seeking to recover from Mr G.

As an agreement couldn't be reached, the case has come 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to the crux of the complaint. However, I've given careful consideration to all of the submissions made to date.

NS&I said it merged Mr G's account with another customer's account in error, resulting in a list of bonds for another customer appearing in Mr G's account. As I understand it, Mr G has questioned whether these might in fact be prizes and said he remembers seeing a list of prizes, rather than bonds, on his account before they disappeared. And, he says he was told he'd won a substantial amount when he spoke with NS&I in 2016.

Due to the length of time that's elapsed, NS&I hasn't been able to provide call recordings from 2016. It has, however, provided a list of numbers in a letter, which was also sent to Mr G in 2016 when he asked for details of his account. The list contains several bond numbers and doesn't show prizes. Additionally, only one number – for a £1 bond – matches with the original bond purchased by Mr G's grandmother. And, I've not been provided with anything to suggest the other bonds were purchased by – or for – Mr G, such as certificates or other records provided by Mr G with corresponding bond numbers.

So, on balance, I'm more persuaded that NS&I incorrectly added another customer's bonds to Mr G's account. Particularly as the information NS&I has provided shows that there were many similarities between the details of both customers. So, I can understand how this error may have occurred.

The above issues led to Mr G cashing in some bonds. I acknowledge the disappointment this would've caused him when he was told about the error, especially as he says he thought the bonds were his. That being said, the bonds belonged to another customer and therefore Mr G wasn't entitled to them. So, I'm not persuaded that NS&I has treated him unfairly by asking him to repay the funds belonging to the other customer. Nor do I think it's treated him unfairly by intending to remove the existing bonds in the account that belonged to the other customer.

I acknowledge Mr G said he was told on the phone he didn't need to pay back the funds. As I understand it, he said he had a phone bill which showed the calls made to NS&I to support this. However, I can't see that Mr G ever provided this. NS&I said it searched its system and found no record of any calls from the phone numbers Mr G provided, over the period he says he was given this information. I've also considered that NS&I has clearly explained in the other correspondence I've seen, including its final response letter, that Mr G needed to repay the bonds he cashed in. So, I'm persuaded NS&I always intended to recover the funds once it realised the error that was made.

Whilst I think NS&I was entitled to recover the funds, I do think it could've handled matters differently when doing so. I say this because Mr G left £301 in the account when he initially cashed in some bonds. So, I think he intended to keep the account open with some bonds in it. And, on balance, this persuades me that Mr G would've likely kept the original £1 bond in the account, had an error not been made. So, whilst NS&I only asked Mr G to repay £2,499 of the total £2,500 back – presumably to leave him with the value of the original £1 bond – I think Mr G has been caused some inconvenience as a result of the £1 bond not remaining in the account.

Additionally, I'm persuaded that Mr G would've been caused some disappointment as a result of NS&I's error. By the time NS&I recognised its error, it had been close to four years since Mr G cashed in some of the bonds. So, I can understand why he would've been disappointed to then be told they belonged to another customer. Additionally, Mr G said he'd already spent the money by the time NS&I realised what had happened. So, I think Mr G has been caused some avoidable distress as a result of NS&I's mistake. And, I think it's right that NS&I compensates him for this.

NS&I has already paid Mr G £75 for the inconvenience caused, but I'm not persuaded this goes far enough to recognise the impact of its error. Having thought carefully about the circumstances, I'm satisfied that an additional £175 compensation is a fair amount, bringing to the total to £250. I note NS&I has agreed to pay the increased compensation and said it intends to offset this against the amount Mr G owes. But as this is a payment for the distress caused to Mr G, I think it's appropriate for this to be a separate payment of compensation made directly to him.

Overall, I don't think NS&I has treated Mr G unfairly by asking him to repay the funds that weren't his. If NS&I wishes to recover the funds from Mr G, it should ensure it sets up an affordable plan to enable Mr G to repay this.

As well as a further £175 compensation, our investigator recommended that NS&I reopen Mr G's account and reinstate the original £1 bond. I think this is fair in the circumstances and I direct NS&I to carry out these actions, if it hasn't done so already.

Our investigator also asked NS&I to complete a retrospective review on the account against all historical draws from the date of the original purchase, then confirm the results to Mr G and provide any prizes rightly accrued. NS&I has since said it has already checked for prizes up until 4 May 2022. So, it just needs to check for any further potential prizes in draws between then and the date of settlement.

I think this is a fair way to put matters right in the circumstances and I direct NS&I to carry out all of these actions, if it hasn't done so already.

### **My final decision**

My final decision is I uphold this complaint and require National Savings and Investments to settle this complaint as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 August 2022.

Hana Yousef  
**Ombudsman**