

## The complaint

Mr T complains about delays he experienced when encashing his Guaranteed Growth Bond with National Savings and Investments (NS&I).

## What happened

I issued a provisional decision in Mr T's complaint and set out the background to the complaint and my provisional findings as follows:

*"On 10 November 2020 NS&I wrote to Mr T to let him know his bond was due to mature on 15 December and provided him with options. The default option, if no reply was received, was that the bond would automatically start a new three-year term. On 1 December Mr T completed the maturity form, electing to cash in the full value of the bond, and the form was received by NS&I on 4 December. On 10 December NS&I wrote back to let him know that they had received his instruction and that they needed to check some security details. They said they'd be back in touch soon and Mr T could call them in the interim if he wished.*

*On 15 December NS&I sent Mr T a letter confirming that the maturity value was around £790,000 and that the bond had been renewed onto a new interest rate of 0.4% per annum. On 16 and 17 December, Mr T called NS&I to find out what was happening and what security checks were being done – but the call handlers were unable to tell him. On 18 December Mr T wrote to NS&I to complain, as he was intending to reinvest £600,000 of the maturity value and was missing out on investment growth.*

*On 21 December, Mr T called and was told his money would be released on 24 December, or by 30 December at the latest. He called again on 29 December, 4 January and 6 January 2021 and no one could explain the situation. On 7 January 2021 he was told the payment was approved and the money was received into Mr T's account on 11 January 2021. Mr T reinvested £600,000 on 13 January and later that month he sent NS&I evidence of the financial losses that he felt were caused by the delay.*

*After chasing NS&I several times throughout February and March, on 21 March NS&I replied to the complaint. They paid Mr T interest at 0.4% gross, amounting to £121.20, on the maturity value from 15 to 29 December 2020, but no further compensation was offered. Unhappy with this, Mr T referred the complaint to our service, explaining that his financial adviser had calculated the loss in value of his subsequent investment to be around £10,000, due to the delay. NS&I then made an offer of further interest at 0.4% from 29 December to 7 January and £100 compensation for not managing Mr T's expectations of how long the payment would take.*

*An investigator at our service considered the complaint and found that the offer wasn't enough. He felt that had everything gone as it should, the amount would have been released by NS&I on 17 December and Mr T would have reinvested the money by 21 December. He recommended that NS&I calculate how many units Mr T would have been able to buy had he invested £600,000 on 21 December 2020, compared with how many he was able to buy on 13 January 2021. If he bought less in January than he could have in December, then NS&I should pay him the amount it would cost him to buy those units on the date of*

settlement. For the remaining amount of the maturity value, the investigator recommended that NS&I pay 8% simple interest from 17 December 2020 to 11 January 2021. He also thought NS&I should pay £500 compensation for the distress and inconvenience caused.

Mr T accepted the investigators opinion, but NS&I did not. They felt they didn't have enough proof of Mr T's intent to invest in the same way in December 2020. Instead they offered to pay 8% simple interest on the total maturity value, minus any interest already paid, plus £250 compensation for the distress and inconvenience caused. Mr T did not accept this, and so the complaint was passed to me for a decision.

I got in touch with NS&I and provided evidence of Mr T's intent to invest in December 2020. I explained I was in agreement with the method of redress set out by the investigator as to how they should calculate the loss Mr T incurred by the delays he experienced in reinvesting the maturity proceeds – which NS&I subsequently agreed to. I made no comment at that stage on the amount of the compensation for the distress and inconvenience caused.

This was put to Mr T and though he was happy the method of redress was now agreed, he remained unhappy with the compensation offer of £250. He explained that the situation had caused 'extreme anxiety' and he was concerned about whether the funds would be released at all, given the contact he had with NS&I didn't result in any substantial answers. He feels the fact that NS&I then didn't take responsibility for the delays, caused further inconvenience in having to sustain contact with them. So, he's asked for a decision on the complaint.

### **What I've provisionally 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.

NS&I and Mr T now agree on the way the financial loss should be put right by NS&I. For completeness I also agree the way the investigator said to put things right is fair. NS&I has confirmed that under normal circumstances payment should have been made to Mr T within 48 hours from maturity on 15 December 2020. All parties agree that if that had happened, this would have meant Mr T would likely have been able to reinvest by 21 December 2020, which I also agree is reasonable. I also think Mr T would have invested in the same funds at that time, as he did in January 2021.

I've carefully considered the timeline of events and the submissions from Mr T about the worry caused and the amount of effort he went to, to ensure he received the maturity proceeds. Despite Mr T having sent in the maturity forms prior to the date instructed, NS&I made the first error, by seeming to not follow Mr T's instructions. Instead they said the bond had been rolled over into a new three-year bond, with an interest rate of 0.4%. This was clearly worrying to Mr T, given the maturity letter was clear that if the bond rolled over, that the money would be inaccessible for the whole new term. Though there was a 30-day cancellation period, Mr T received very little clarity from NS&I about what was happening, despite calling and writing a number of times.

He was then told that he would receive the funds towards the end of December, but this didn't happen, and they weren't received until 11 January 2021. This incorrect information was later repeated in the response to Mr T's complaint in March 2021, which said that the funds were released in December. Understandably this caused Mr T further frustration as it appeared NS&I's own records of the situation were incorrect despite the time and effort he'd put into the situation to set out the issues and loss he'd incurred.

Overall Mr T had to call and write to NS&I numerous times to simply find out what was happening. He then had to get in touch again to set out his losses at the end of January,

*which was not addressed by NS&I. He had to continue to contact them on receipt of the March letter, to explain why the dates used by NS&I were incorrect, which prompted a further offer from them to address the additional delay. In my view, he shouldn't have had to take any of those steps, if NS&I hadn't been experiencing delays, and if they had updated him properly throughout.*

*I appreciate Mr T's frustration that NS&I didn't offer to pay for all the losses he was claiming for and instead paid interest at a rate of 0.4%, which has prolonged the inconvenience he has incurred. When considering payments of compensation for things like time, effort and emotion that a consumer has experienced, I must keep in mind that this is referring to the trouble caused over and above the general inconvenience caused by making a complaint, or referring that complaint to our service. So though I can see it would have resolved things if NS&I had made a different offer earlier, they are within their rights to disagree and I don't think it would be fair to include in the compensation an amount for having to continue the complaint.*

*The total delay in payment of the maturity proceeds was around three and a half weeks. However, there was a large amount of money involved here and Mr T was aware that he was experiencing relative losses against the new investment during that time – and this would have been all on top of the fact NS&I was unable to give him clear updates of what was happening. I think this would have been a worrying situation for anyone to go through, and was clearly particularly so for Mr T. Overall, I don't think NS&I's offer of £250 is quite enough here and I think a compensation payment of £350 would be fair, given the circumstances."*

### **Responses to my provisional decision**

NS&I responded and agreed with my decision. Mr T also replied and had nothing further to add to his previous submissions.

### **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.

Having done so, and having received no new submissions from the parties, I see no reason to depart from my provisional findings as set out above. I therefore reach the same conclusions as in my provisional decision, for the same reasons, and make them final.

### **My final decision**

I uphold the complaint. My decision is that National Savings and Investments should:

- Review how many shares/units Mr T would have been able to purchase on 21 December 2020 with £600,000 of the maturity proceeds from his bond and compare this to the number he purchased on 13 January 2021. If he has lost out, then National Savings and Investments should calculate how much it would cost Mr T to buy the extra shares/units on the date of settlement and pay him that amount.
- On the remaining amount of the maturity value, National Savings and Investments should pay Mr T 8% simple interest per annum from 17 December 2020 to 11 January 2021.
- Pay £350 compensation for the distress and inconvenience caused.

Any amount already paid should be deducted from the above. National Savings and Investments should provide details of the calculation to Mr T in a clear, simple format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 26 July 2022.

Katie Haywood  
**Ombudsman**