

The complaint

Mr B complains that National Savings and Investments (“NS&I”) didn’t pay Premium Bond winnings into his bank account between 2019 and 2020.

What happened

Mr B says he’d been receiving winnings relating to his Premium Bond holding with NS&I into his personal bank account. But he closed that account late in 2018. It wasn’t until late in 2020 he realised that subsequent winnings hadn’t been received.

Mr B spoke to NS&I who agreed to investigate matters and pay future prize payments into his new bank account. Having heard no more after several weeks, Mr B called NS&I again. He says they told him matters were in hand and he would be hear something more within 10 days. But Mr B received no further contact from NS&I. So, he called them again. He eventually managed to an agent who wasn’t able to help him. He was told to put his request in writing.

Mr B wrote to NS&I in March 2021 to complain about the situation. He told NS&I he thought prize money payments totalling £1,375, sent between December 2018 and November 2020, had been returned to them following closure of his bank account in November 2018.

NS&I responded to Mr B’s complaint in May 2021. They said that Mr B had provided new bank account details to them at the end of November 2020 having identified that his previous bank account had been closed. NS&I confirmed they were they were working to recover funds that were sent to the closed account. They’d submitted a trace request to the receiving bank to find the missing payments and were awaiting their response. But NS&I didn’t uphold Mr B’s complaint. They said that because Mr B hadn’t updated his bank account details with them before, they weren’t responsible for payments being sent to a closed account.

NS&I accepted that Mr B had made several attempts and approaches to them to find the missing funds. They said they hadn’t given the expected service or managed timescales. NS&I apologised and paid Mr B £30. But despite this, Mr B still didn’t receive the payments he was expecting. So, he referred his complaint to this service. He wanted NS&I to pay him all the payments due together with interest.

NS&I told this service prize payments had been sent to an account advised by Mr B in February 2019. They said Mr B had called them in October 2019 to request withdrawal of £30,000 from his premium bonds to be paid into a new nominated bank account. So, they updated his account details as requested. All subsequent prize payments were sent to that account until Mr B changed his account details with them again at the end of November 2020.

NS&I said the payments sent between October 2019 and November 2020 had been sent and received into the account Mr B had nominated. But it appeared Mr B hadn’t realised that his instruction to pay £30,000 into that account in October 2019 would also impact future prize payments. NS&I accepted they could’ve identified this sooner and explained it to Mr B. So, they offered a further goodwill payment of £50 to reflect this.

Our investigator didn’t think NS&I had acted fairly. She found that the £30,000 withdrawal authorised by Mr B was to the account of a relative which he intended as a one-off payment. Our investigator thought NS&I should pay Mr B all the prize money subsequently sent to that

account together with 8% interest. NS&I didn't formally respond to our investigator's view. So, in the absence of an agreement, Mr B's complaint has been passed to me to consider.

I reached a different outcome to that of our investigator. Because of that, I issued a provisional decision on 21 July 2022 – giving both Mr B and NS&I the opportunity to respond to my findings below before I reached a final decision.

In my provisional decision, I said:

At the outset, I think it's important to clearly address the position regarding the original list of missing prize payments Mr B says he didn't receive. These were included in his complaint letter to NS&I in March 2021.

- Prize payments before February 2019 – NS&I have confirmed they held no personal bank account details for Mr B before that date. They said, *"Prizes before February 2019 were paid by warrant (cheque). No prize warrants are outstanding"*. This means NS&I sent cheques to Mr B for any prizes, which were all banked and cleared.
- Prize payments between February 2019 and October 2019 were paid into an account ending '916', notified to them by Mr B on 1 February 2019.
- Prize payments between November 2019 and November 2020 were paid into an account ending '884', notified to them by Mr B on 10 October 2019.

Mr B says he hasn't received any amount either into his bank account or by cheque before February 2019. But as NS&I have confirmed the cheques were issued and cleared, I'm satisfied that those prize payments were paid in accordance with the instructions NS&I held at the time.

Mr B has confirmed the payments made between February 2019 and October 2019 totalling £650 were paid into the bank account specified. So, it doesn't appear NS&I made any mistake here.

This leaves the question of prize payments sent between November 2019 and November 2020. The nominated bank account details were changed in NS&I's records following a call from Mr B to them on 10 October 2019. I've listened to a recording of that call which lasts just short of four minutes.

Mr B asked to withdraw £30,000 from his Premium Bonds which he confirmed he would like completed immediately – i.e. before NS&I's next Premium Bond prize draw. NS&I asked Mr C to confirm the bank details. At this point Mr B confirms *"It's going to a different bank account"*. NS&I agreed to arrange to change the account details held.

This call appears key to the subsequent problems experienced by Mr B. I say that because all subsequent prize payments were sent to the new account details given by Mr B during that call. Unfortunately, the account details Mr B gave to NS&I were, in fact, those of a relative he was lending the £30,000 to. But at no point did Mr B inform NS&I that the payment was being sent to a third party. So, while I accept that NS&I didn't specifically clarify that point, or that the account details change would relate to all future payments, I don't think Mr B gave them any cause to.

NS&I savings products are usually held in an individual's name. Payments to and from NS&I savings products are via a nominated UK bank account also in that person's name. NS&I products don't normally include the ability to make payments to a third party. Such payments normally need to be made via the investor's nominated bank account.

Here, Mr B instructed NS&I to make payment to a third party. But he didn't tell NS&I that was what he was doing. So, they simply updated the account details they held using the information Mr B gave them. But in addition to obtaining the new account number and sort code details, I would've expected NS&I to ask Mr B to confirm the account holder's

name. I don't think it was safe to assume the new account details were in Mr B's name. Had they done so; I think they'd have identified this was a third-party payment which would've avoided any confusion going forward. NS&I could've either declined to make the third-party payment or identified that it was a one-off payment on this occasion.

NS&I accept their agent didn't specifically ask Mr B for more details about the withdrawal, or the change of bank details. But Mr B was also silent on the nature of the transaction. So, I think both these aspects ultimately contributed to the subsequent problems.

Mr B has accepted that all prize monies between November 2019 and November 2020 totalling £625 were paid to his relative's bank account. I asked Mr B to confirm what attempts he'd already made to retrieve those payments from his relative. Mr B said *"I have a very happy relationship with my" relative who "does not know that the payment went into" their "account and nor will" they.*

While I acknowledge Mr B's response. NS&I did send the payments to a bank account previously authorised by him. They also emailed him each time he was awarded a prize confirming that a payment would be sent. So, he should've expected to receive each payment. Given Mr B's close relationship with the recipient of those payments, I don't think it's unreasonable to ask Mr B to explain the situation to his relative in an attempt to recover those funds. And I don't think it would be fair to ask NS&I to send further payments to Mr B without ultimately recovering them from Mr B's relative. So, while I appreciate Mr B will be disappointed, I don't intend to ask NS&I to make those payments to him.

NS&I accept there were delays in understanding and resolving Mr B's complaint. As a result, they've already paid him £30. They've also offered a further £50 as a goodwill payment. Given I believe the situation could've been avoided, had NS&I asked Mr B to confirm the recipient bank account name in October 2019, I think this should be reflected in my decision. So, I intend to formalise the payment of £50 offered by NS&I to reflect the distress and inconvenience caused here. Given the contributory factors here, I think this amount feel fair and reasonable.

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.

In my provisional decision, I asked both parties to respond with any new information or comments they wanted me to consider. NS&I have accepted all the recommendations I made.

While Mr B agreed with certain (unspecified) aspects of my provisional decision, he thought NS&I should be asked to recover the prize money paid to his relative's bank account. He also thought they should pay that prize money to him as he says they were at fault for paying it incorrectly.

In my provisional decision, I accepted that NS&I didn't specifically clarify that the new account details provided by Mr B related to his relative. Or that the account details change would relate to all future payments. But as I also said I don't think Mr B gave them any cause to.

In reaching my decision, I need to decide the most appropriate, reasonable and fair solution for all parties concerned. NS&I acted upon information provided by Mr B. And while they could've done more, I've reflected any shortcoming by supporting the additional compensation of £50 offered by NS&I.

Mr B has made it clear he has a good relationship with his relative. So, I don't think it would be appropriate to ask NS&I to take responsibility for recovering the prize money paid to that bank account. I think Mr B would be better placed to have that discussion. He may disagree, but I'm not persuaded to ask NS&I to do anything more than I've suggested in my provisional decision.

My final decision

For the reasons set out above, I uphold Mr B's complaint.

I require National Savings and Investments to pay £50 to Mr B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 September 2022.

Dave Morgan
Ombudsman