

The complaint

Mr L complained that National Savings and Investments (“NS&I”) didn’t action his account withdrawal request in a timely manner which resulted in him losing out on an investment opportunity.

To put things right, Mr L feels fair compensation should reflect the fact that he would’ve made a return of at least £50,000 had he been able to complete the withdrawal and invest that money as he had intended.

What happened

I have reconstructed a timeline of events which sets out the background to Mr L’s complaint.

12 August 2020 - Mr L sent NS&I an application to register for its online and telephone service with his Income Bond account. When this was received, NS&I incorrectly wrote to Mr L requesting a witnessed signature. This wasn’t required as it already held a signature on file for him.

2 October 2020 - NS&I received Mr L’s requested witnessed signature along with a paper Income Bond cash in form requesting withdrawal of £100,000.

7 October 2020 - NS&I completed its security checks and the payment was processed on to Mr L’s nominated bank account.

15 October 2020 - NS&I sent Mr L a temporary password to manage his account.

27 October 2020 – Mr L still didn’t have online access to his account and he went online to examine the new NS&I website in detail.

28 October 2020 – Mr L realised that without needing to access his own account to do this, he was able to fill in an online withdrawal request form, which he did – and NS&I received his request to withdraw a further £100,000. NS&I explained that in usual circumstances, it verifies the nominated bank details given on the request and its security team will contact the customer by phone to carry out some security before completing the payment. If unable to contact the customer by telephone within 24 hours of the request being received, NS&I will write to the customer asking them to make contact. NS&I told us that regrettably, there was confusion internally between its repayments department and its security team which caused a considerable delay in processing these instructions.

29 October 2020 - Mr L received his NS&I number and temporary password, which he changed to a password of his own choice over the phone and at the same time he also set up his own security questions so he would in future be able to verify his identity over the phone. He then went online a couple of minutes later and tried to log in to his account but the details he entered were incorrect – Mr L thought this might've happened because he may have mistakenly entered the previous temporary password stored on his browser. And so, after five consecutive failed attempts this resulted in his security becoming suspended and he was locked out of his online account.

Mr L contacted the NS&I helpline to request a password reset. The representative he spoke to attempted to reset his security using a third party identity check but no security questions were generated. NS&I told us that if a customer does not have a valid password set up on their account or they have suspended their security, it can use an external provider to confirm identity so new security can be set up from a phone call. Unfortunately, this only works for customers who live in the UK, which didn't cover Mr L's circumstances, so it couldn't verify his identity using this check. This meant that NS&I required Mr L to complete a 'forgotten security details' form. Mr L was anxious to establish whether NS&I would be sending him a new password so he could unlock his account. He explained that post to and from his home took around 2 weeks to be received. The NS&I representative could only say that he would either receive a signature request form or a temporary password – it would be one of the two – and that the form would be put in the mailbox for posting to Mr L the following morning.

12 November 2020 - Mr L called NS&I again after receiving this form, querying why he had been sent a form to complete asking for a temporary password when he thought he'd be getting a temporary password – which wasn't included. He again explained the delays he would face if paperwork had to go through the post. Mr L explained he was still awaiting the £100,000 repayment which he had requested on 28 October.

The representative couldn't say why Mr L hadn't yet received his money when he ought to have done by now. Mr L tried to explore other options for accessing his money. NS&I told him that it couldn't re-set his password over the phone as it didn't hold a secure phone number for him. Mr L disputed this - he said he had already provided this information and indeed used it when he went through the security questions he was asked when he phoned. NS&I explained that as the system wasn't generating any security questions it could ask him, the best way forward was for Mr L to complete the form and return it.

As it had not been possible to authenticate Mr L's identity as the Bond holder, the representative was only able to provide general information rather than any specific update on the progress of Mr L's withdrawal request. He explained that the repayments department was backlogged as a result of the Covid 19 pandemic and that Mr L should receive his payment shortly.

16 November 2020 – NS&I received Mr L's 'forgotten security details' form requesting a temporary password. This was processed and on 19 November 2020 NS&I sent him a new temporary password.

20 November 2020 – Mr L phoned NS&I to find out why the online request form he'd filled in for the £100,000 withdrawal around three weeks earlier still hadn't resulted in the money being paid into his account.

Mr L was on the phone for more than half an hour trying to find out information about his account and the withdrawal request. He said he wanted to raise a complaint about not having access to his account and the delayed £100,000 repayment. The call ended with an assurance from NS&I that a note on his account from two days ago showed it had sent him a new temporary password and once that arrived, Mr L could move money online.

1 December 2020 - Mr L received the temporary password and he successfully set up new security and logged in.

8 December 2020 – Mr L phoned NS&I to find out what had happened to the transfer request he had made on 29 October. When he was informed how long he should expect that transfer still to take, and he learned that a transfer for an amount below £50,000 would be in his account by close of business following working day, Mr L agreed to do that instead as he wanted the money as soon as possible.

The representative he spoke to confirmed that he would send an email to the back office to avoid any duplication and Mr L asked to cancel the £100,000 withdrawal request he submitted and arranged for a new payment of £49,999 to be made to his nominated bank account and this was processed.

27 January 2021 – NS&I issued its final response letter to the complaint Mr K made in November 2020. In brief summary, it acknowledged that it had asked Mr L in error when it requested a witnessed signature from him. It explained that his password was automatically suspended after five failed log in attempts. It said that on 28 October when it received Mr L's further repayment form for £100,000 which had been downloaded online, it should have completed security checks and made the payment if these were successful. But instead it incorrectly wrote to him for his signature.

NS&I concluded by saying that Mr L had access to his account from 1 December 2020 and if he'd made a withdrawal the money would have been in his account no later than 3 December 2020 so it would only consider loss of interest up to that date. It also said its security team had experienced delays completing their checks on transactions around this time due to the impact of Covid 19.

NS&I said it had fallen short of its usual standard of service on more than one occasion. It offered sincere apologies for the inconvenience and annoyance caused and arranged for a payment of £75 to Mr L as a gesture of goodwill.

Mr L wasn't satisfied with NS&I's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. In brief summary, she thought that:

- NS&I had taken longer than was reasonable to process both Mr L's £100,000 withdrawal requests;
- NS&I wasn't responsible for the time it took for post to reach him;
- considering the amount of cash at risk it wasn't unreasonable for NS&I to have taken other steps to verify his identity when its system wasn't able to automatically generate security questions;
- there were several occasions when NS&I either failed to notify Mr L about what was happening with his withdrawal request or it missed opportunities to put things right.

NS&I told our investigator it would like to offer an additional £75 as a gesture of goodwill – our investigator felt this was insufficient. Whilst she didn't feel we could fairly award compensation for the investment loss Mr L had calculated, she felt that a payment of £350 was fair to reflect the distress and inconvenience NS&I had caused Mr L.

NS&I accepted the investigator's assessment and recommendation. Mr L remained dissatisfied. He mainly said that he lost a significant amount of money directly as a result of being unable to invest his money as planned due to NS&I's admitted failures and delay following his withdrawal request made on 28 October 2020.

The complaint came to me to decide. I issued a provisional decision.

What I said in my provisional decision

Here are some of the main things I said.

"I have set out at some length already the background circumstances which demonstrates where things went wrong.

I sympathise with Mr L – I can completely understand why what's happened has been upsetting and frustrating for him. I appreciate he feels strongly that NS&I should be held responsible for substantial losses he says arise from his lost investment opportunity as a result of its delays and poor service.

But what he says about this isn't enough on its own for me to be able to award the compensation he is seeking.

It's not in dispute that NS&I didn't process Mr L's withdrawal requests as quickly as it ought to have done and it has accepted our investigator's assessment that it missed opportunities to put things right more quickly for Mr L. So I don't feel I need to say any more about that.

I have concentrated on what I think it's fair and reasonable to expect NS&I to do to put things right, which is Mr L's main concern now.

Briefly, I need to decide what I think is likely to have happened if NS&I hadn't made errors or delayed actioning Mr L's withdrawal request made on 28 October 2020. In other words, if it had actioned that request within a reasonable timeframe.

I've taken into account that between 22 - 28 October 2020, Mr L used most of the first £100,000 withdrawal he had successfully been able to transfer to his bank account in order to buy shares. He was anxious to obtain further funds in order to continue a trading strategy that he believed (correctly in the event) would prove successful. The problems he encountered at NS&I meant he was denied access to his money and on 9 November 2020 (when Mr L was still waiting for NS&I to process his withdrawal request) the market conditions he had anticipated were triggered and he had effectively lost the chance to take advantage of the investment opportunity he had identified.

But I don't think it was just failings on the part of NS&I that prevented Mr L from investing before 9 November 2020.

It seems likely (by Mr L's own admission) that he was at fault for blocking the account when he didn't use his new password, so I think this probably complicated things and added to the overall delay.

I'm also mindful that he had only recently put his money on deposit with NS&I. Mr L told us that he chose the NS&I Income Bond account because he expected to be able to withdraw his money whenever he wanted - as advertised by NS&I. And so he transferred all his savings to this account by early August 2020 by posting two cheques. But that suggests to me that, whilst he might've had another investment strategy planned in future, Mr L wasn't at that stage looking to make quick decisions to exploit moving markets because I think he understood that there was likely to be *some* delay at least obtaining funds from the Bond where he had chosen to invest his money for the time being. And had he withdrawn all his money in one go when he made his first withdrawal and moved the money into a bank account for instance, he would have had funds immediately to hand and ready to invest when the time looked right to him somewhere around the end of October/early November 2020.

Also, the first withdrawal was done by paper, so his decision to use the online process was the first time he had tried this. There's no good reason why Mr L shouldn't have reasonably expected to be able to do an online transfer - this was one of the account features. But I think it was potentially risky to attempt this for the first time when he wanted the money urgently, given that his only previous withdrawal was done on paper - and in the event, he locked the account by mistake. I think it's likely that if he had used the paper process again, he could have got his funds sooner.

From 1 December 2020 Mr L did have full access to his Bond. So he could have processed a withdrawal online and he was no longer prevented from being able to invest elsewhere had he wished to.

I've kept in mind that at least some of the delays that impacted on Mr L weren't exclusively NS&I's fault, such as the turnaround time for his post and the fact that some parts of its online system weren't capable of meeting the needs of customers outside the UK. This limited Mr L's options when he caused problems with his account security – and realistically, I don't think Mr L could have relied on being able to obtain funds from the NS&I Bond account as quickly as he has suggested he hoped to.

To sum up, for all these reasons, I don't feel I can fairly award redress for financial loss – because I haven't seen enough to say that NS&I is responsible for compensating Mr L for a financial loss I cannot reasonably identify or quantify.

But I agree that compensation should be paid to properly reflect the frustration and disappointment of not being able to access his funds due, in large part, to some service failings on the part of NS&I when Mr L wanted his money quickly. In thinking about what would be fair redress overall, I've taken into account the admitted errors on the part of NS&I and the fact it missed opportunities to put things right. I'm also mindful that this was a time of heightened stress and anxiety for Mr L as his investment plans were time sensitive and he could see his opportunity slipping away. I consider that my award should reflect the fact that the impact of NS&I's errors was particularly stressful for Mr L given the time constraints he faced.

I don't think the £350 NS&I has offered to pay sufficiently reflects the time it took to resolve the issues it was responsible for and could have put right sooner – thereby mitigating what was an extremely frustrating and stressful experience for Mr L, bearing in mind this was a significant sum of money and the delays ran on for a number of weeks.

Looked at overall, I think that £500 is fair and reasonable redress in these circumstances."

What the parties said in response to my provisional decision

Mr L has asked for his complaint to be reviewed with a view to achieving '*a fair and realistic level of compensation*'. He has provided detailed comments explaining why he disagrees with what I have said in my provisional decision and feels that a lot of my comments are very unfair.

In brief summary, Mr L believes that had NS&I dealt with all his requests in a timely and efficient way within normal banking benchmarks he would have between £50,000 - £100,000 more in his bank account today (ignoring any future reinvestment potential). In support of his view, he relies on the contact notes, spreadsheet analysis and a screenshot of his trading activity showing how he invested the first £100,000 and achieved a capital gain of 65%.

NS&I told me it agrees with my provisional 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'd like to assure Mr L that I have taken carefully into account everything he has asked me to reconsider before coming to my final decision. It's part of my role to identify and focus on what I think is relevant and explain how I have reached my conclusions. Whilst I intend no discourtesy, this means I will not be addressing Mr L's concerns on a point by point basis. But I have addressed below what seem to me to be the main points of concern he has raised.

The ombudsman approach is to decide what is fair and reasonable overall. I must look at all the available information and decide what I think is most likely on a balance of probabilities. And I must be impartial, which means being even-handed in giving due consideration and weight to what both parties say.

For the reasons set out more fully in my provisional decision, I still don't think the £350 NS&I originally offered to pay sufficiently reflects the delays it was responsible for and could have put right sooner and that £500 is fair and reasonable redress in these circumstances.

I haven't identified any fair and reasonable grounds for awarding further redress. In order to access funds in the income bond account Mr L had to follow a withdrawal process. I appreciate that he expected this process to be a lot quicker than in the event it proved in his case when he attempted the second withdrawal. And I acknowledge Mr L's comment that when he first read about the bond, it was categorised as an easy access account. But in my view, having his investment pot in an income bond account with NS&I always meant the money wasn't available to spend immediately, in the way it would have been had Mr L held the funds, for instance, in a standard high street bank current account. Given that Mr L expected to be trading in a fast moving and volatile investment marketplace, I think it's reasonable for me to say that I would have expected him to have put his funds in a place where he could use them straightaway to pay for a trade.

So I don't feel I have seen enough to be able to fairly say that NS&I should cover Mr L for the investment return that he says he would have achieved but for the delays in him accessing his funds. In order to award compensation in this regard, I would need to find that NS&I's acts and/or omissions when dealing with Mr L's requests for his funds were clearly linked to him missing out on making the investment return that he has identified. Taking into account the overall circumstances applicable when he requested the fund withdrawal from 28 October 2020 that I have detailed above, on balance my view is that it has not been shown that NS&I are liable for the losses that Mr L claims.

Mr L hasn't provided me with any new information that changes what I think about this case. I'd already considered all the main points mentioned above when thinking about my provisional decision. I have addressed in my provisional decision all the points which have a bearing on the outcome.

I appreciate that Mr L takes a different view to me, as of course he is entitled to do. I am aware that he is considering legal action and as long as he doesn't accept my final decision he can still take this matter to court.

Putting things right

NS&I should pay £500 in total to Mr L.

As I understand NS&I has already paid some compensation direct, this means it will be required to make a payment for the outstanding balance still owing if Mr L decides to accept my decision.

My final decision

I uphold this complaint and direct National Savings and Investments to take the steps I've set out above to put things right for Mr L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 December 2022.

Susan Webb
Ombudsman