

The complaint

Mr K complains about delays following withdrawal requests he made to National Savings and Investments (NS&I) at the end of 2020.

What happened

The background to his complaint and my initial conclusions were set out in my provisional decision. I said:

Mr K sent NS&I forms to cash in income bonds in November 2020. But there were delays processing the withdrawal and Mr K's funds weren't made available for around a month. Mr K says that the delays meant his funds were held on a lower interest rate of 0.01% for an extended period. And Mr K has also told us that delays by NS&I restricted his options to reinvest his funds.

Mr K complained to NS&I and later referred the matter to this service. An investigator upheld Mr K's complaint and NS&I agreed to pay 0.25% interest on Mr K's funds for a period of one year, totalling £315. NS&I also agreed to pay Mr K £125 for the distress and inconvenience caused.

Mr K asked to appeal and provided further calculations to show the nature of his losses. As a result, Mr K's complaint was passed to me to make a decision. I reviewed Mr K's response and agreed with the points he raised. As a result, I contacted NS&I and asked it to consider increasing the award in line with the calculations Mr K provided. I haven't heard back from NS&I so I'm taking the step of issuing a provisional decision.

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.

I've been brief in setting out the background to Mr K's complaint as all parties broadly agree with the timeline. NS&I accepts there were delays processing Mr K's instructions. Mr K has told us the delays meant withdrawals for the main part of his funds were subject to an interest rate reduction from 1.16% to 0.01% between 27 November 2020 and 2 January 2021 (the date of release). The funds had been placed in a holding account while NS&I processed Mr K's instructions. I agree with Mr K that the settlement should take into account the reduced interest his funds received.

I'm satisfied there were delays in processing Mr K's withdrawal request that impacted the amount of interest he went on to receive. So I intend to uphold Mr K's complaint broadly in line with the settlement the investigator reached in their view of his complaint – a settlement NS&I agreed to pay. But I also intend to tell NS&I to pay the additional interest as set out above, to cover the period between 27 November 2021 and 2 January 2022.

I gave the calculations in full in my email to NS&I dated 6 September 2022. They were in line with those submitted by Mr K in his letter dated 15 July 2022. NS&I had already agreed

to pay Mr K £321.56 but I asked it to increase the award to £468.75 to take into account the reduced interest rate Mr K received. As I didn't receive a response from NS&I I've looked over Mr K's case again. I still think the fairest approach is for NS&I to compensate Mr K with £468.75 in missed interest, so I intend to proceed on that basis.

NS&I also agreed to make a payment of £125 to reflect the distress and inconvenience caused to Mr K. I'm satisfied that fairly reflects the impact of the issues raised on Mr K.

I invited both parties to respond with any additional points or information they wanted me to consider before I made my final decision. NS&I confirmed it accepts. We didn't hear back from Mr K.

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.

As neither party has provided new information for me to consider, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr K's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr K's complaint and direct National Savings and Investments to pay him a total of £468.75 in interest and £125 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 November 2022.

Marco Manente
Ombudsman