

The complaint

This complaint is about the purchase of premium bonds for Miss D not long after she was born.

Miss D's grandfather (Mr K) wished to purchase the bonds for Miss D. And given Miss D's age, her mother (Ms K) was required to complete the application as well.

Mr K and Ms K have brought this complaint on behalf of Miss D. They are unhappy with National Savings and Investments' (NS&I) handling of the application to purchase the premium bonds.

Mr K who has mainly been leading the complaint is also unhappy with how NS&I have handled the complaint itself.

What happened

I issued my provisional decision to both parties. The background to the complaint and my provisional findings below are taken from my provisional decision, and now form part of this final decision.

What happened

As noted above, Mr K wished to purchase premium bonds for his granddaughter, but the applicant for purchasing such bonds needed to be either the guardian or parent, and so Ms K needed to complete the application to be a point of contact until Miss D reached 16 years of age. Ms K already had existing accounts with NS&I which were registered at Mr K's address (Property A).

The first four attempts to purchase the bonds for Miss D were unsuccessful. Below are the dates of each application and the date each one was cancelled as recorded by NS&I's systems:

- *First application: submitted 24 October 2020; cancelled 16 November 2020.*
- *Second application: submitted 2 December 2020; cancelled 24 December 2020.*
- *Third application: submitted 26 February 2021; cancelled 19 March 2021.*
- *Fourth application: submitted 14 April 2021; cancelled 7 May 2021.*

The fifth application was made on 25 May 2021 and the bonds were successfully purchased on 8 June 2021.

Mr K and Ms K broadly accepted that the first application was declined because it hadn't been possible to provide a birth certificate for Miss D due to the challenges relating to the pandemic.

NS&I's records show that for the subsequent second, third and fourth applications while they were able to verify Miss D's identity when the second application was made (as it had been possible to obtain a birth certificate for Miss D), they had not been able to confirm Ms K's

identity and proof of address.

Mr K and Ms K both say there was no communication from NS&I to say that it was Ms K's evidence of identity (EOI) documents which were outstanding. Rather they said they had understood it was Miss D's EOI documents that were needed. Mr K says he only found out it was Ms K's documents that were required when he spoke with a member of staff (T) around 17 March 2021, at the time of the third application.

Mr K says it was not until 22 April 2021 that NS&I's complaint handler explained the problem with Ms K's documents was that the driving licence she had submitted as proof of address did not match the address on the applications being submitted. The complaint handler proposed that a handwritten form be submitted and that Ms K complete the form using her current address (Property B), even though she was in the process of selling this property to move back to Property A.

A handwritten form was completed by Ms K, signed and dated on 1 June 2021, which used Property B as her address (I have seen a copy of this). Together with the form it appears Ms K enclosed a number of documents to support her identity and proof of address for the application including: a copy of her passport (where it is not possible to see the photo), a copy of her driving licence (where it is possible to see the photo, and shows Property B as her address), a copy of her Freeholder's letter dated 22 June 2020 and a mortgage statement for 31 January 2021 for Property B.

NS&I's records confirm that on 8 June 2021 the premium bonds were successfully purchased.

Our investigator didn't uphold the complaint as they didn't think NS&I had done anything wrong. Mr K strongly disagreed with the investigator's findings, and as the investigator was unable to reach a resolution, the complaint has come to me to decide.

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.

Having reviewed all the available submissions I am aware there is much correspondence between the parties involved, and they should note that it is not my intention to repeat all the submissions here, or to answer each and every single point that has been raised. My role is to decide what is fair and reasonable in the circumstances of this complaint and so I have commented on what I consider to be relevant to the outcome of this matter. But I would like to reassure the parties I have reviewed everything that has been sent to this service to consider.

Before I set out my provisional findings, I think it's important to comment on what does and does not fall within the scope of my authority here. Mr K and Ms K may not be aware, but I do not have a free hand to consider all complaints that are brought to this service, so in each case I must first decide whether our service has the power to look into a complaint.

Our powers come from the Financial Services and Markets Act 2000, and we follow the rules and guidance set out in the regulator's handbook – known as the DISP rules. The DISP rules set out when we can and cannot become involved in a complaint. And this includes ensuring that a business has had an opportunity to respond to a complaint before we are able to become involved.

I mention this as NS&I's final response letter to Ms K was dated 9 April 2021 – which is part

way through the chain of these events – and so I'm satisfied I can consider everything until this point. I've noted from the submissions that Mr K continued to raise concerns after this which I can see NS&I did engage with, although I'm unaware of any further formal response being issued to Ms K. However, given the permitted time has passed for NS&I to have formally responded about events post 9 April 2021, I'm satisfied I can consider what has happened with all five applications.

The rules also set out the types of complaint we can look into, or 'activities' we can consider. Mr K has made several points about NS&I's handling of the complaints he has raised. However, complaint handling is not an activity that is covered under our rules and jurisdiction, so I do not have the authority to comment on any concerns Mr K has raised in relation to NS&I's handling of the complaints.

Lastly, in relation to the scope I have here, I think it would be helpful to explain for Mr K and Ms K that I do not have the authority to interfere with a business's processes, systems or controls. That is for the regulator to keep under review. It therefore follows that it is not for this service to investigate a business's wider practices, or fine or punish a business. That is the regulator's role.

The role of this service is to consider individual complaints, so Miss D's complaint has come to me to decide whether NS&I have handled the application for Miss D's premium bonds fairly and reasonably.

Having reviewed everything I think NS&I could have been clearer in their communications with Mr K and Ms K. I say this because NS&I issued letters incorrectly stating that the reason applications two, three and four had failed was due to not receiving identification for Miss D, while their records clearly show Miss D's identification had been verified at the time of the second application. So I can understand how this would have been confusing to Mr K and Ms K. I'm also aware that when Mr K spoke with T he was given an incorrect deadline date by which to submit documentation, which I think was unhelpful and I'll refer to this later.

Mr K and Ms K also mention that they did not receive any letters requesting documentation for Ms K. And Mr K has mentioned other correspondence that he says he has not had sight of such as NS&I's reference to a letter dated 7 January 2021.

NS&I say they sent several letters (which included a guide to acceptable forms of identity documents) to Ms K at Property A requesting EOI documents. Copies of the letters have been provided and they are dated 26 October 2020, 3 December 2020, 26 February 2021 15 April 2021 and 25 May 2021. Copies of letters requesting Miss D's identification document have also been provided in the submissions, and are dated 26 October 2020 and 3 December 2020.

In the submissions, Mr K and Ms K mention a letter dated 11 November 2020 which they have said confirmed Ms K's identity documentation had been accepted. However, NS&I have no record of such a letter. And, to date, Mr K and Ms K have not provided a copy of this.

In view of the above I think there is enough for me to say there were some communications from NS&I which were unhelpful – notably in terms of explaining why the various applications had failed, and so perhaps leaving Mr K and Ms K with the wrong impression of what information was outstanding. So I think NS&I could have done a better job here.

And I think it's fair to say that Mr K and Ms K disagree with NS&I that certain correspondence or communications were sent to them.

I understand Mr K in particular is very invested in what correspondence and what communications were sent or not sent. However, while I accept perhaps there may be some gaps in the exchange of correspondence, I also think Mr K and Ms K did have information available to them during the course of these events about what NS&I's EOI requirements were.

When applying online, NS&I's website sets out for customers what documentation is acceptable for EOI. The information explains NS&I has a legal obligation to check someone's identity and where they live, and that at times they may need to check this information to ensure their records are up to date. And where it's not possible to verify the information electronically, then relevant documentation will be requested. In relation to proof of address it explains that the name and address on the document must match the name and address on the NS&I application. It seems this has been the main problem with the applications – that Ms K's address on the application did not match her proof of address documents.

The guide I mentioned earlier contains similar information. And I've noted this was referenced as an enclosure in the complaint correspondence that was sent to Ms K on 9 April 2021, and a letter sent to Mr K on the same day – before the fourth application was submitted.

Mr K says he didn't learn that Ms K's address on the application needed to match the documentation being used for proof of address until the complaint handler's letter dated 22 April 2021, and the suggestion was made at that time to submit a handwritten form amending Ms K's address to Property B. However, I think it's fair to say the above would suggest it's likely Mr K and Ms K had access to information about what NS&I required before then.

As part of his submissions Mr K discussed the events around the third application. Mr K says it was after his call with T that he learned Ms K's documentation was still outstanding and he sent that in straight away on 17 March 2021. The deadline he was given to provide the information wasn't correct, and so it doesn't appear the posted information reached NS&I before the actual deadline of 19 March 2021. However, I don't think this would've made a difference given it seems likely the address being used on the application at that time still did not match the documentation to prove Ms K's address. I say this as Mr K says he wasn't aware this was the problem until 22 April 2021, and his letter of 17 March 2021 explained why the identification and application address didn't match.

Mr K also said NS&I had both accepted and not accepted documentation that had been submitted. He said NS&I had said it was too faint to accept, but then later agreed to use it.

There are copies of documentation that I have understood to have been sent with the last submissions from Ms K around 1 June 2021 with her handwritten application. As noted earlier, the passport photo and details are not clear, and I don't think it's unreasonable for an organisation to decide that such a document did not meet the requirements for identification.

I can't say what changed for NS&I – it's possible they later used Ms K's driving licence as identification rather than proof of address. Mr K has said exactly the same documentation was submitted again and at this point I have no reason to doubt him, but ultimately it is for NS&I to determine the level of risk acceptable to them and what documentation they are happy to accept to satisfy their obligations.

Mr K believes NS&I should not have needed to check Ms K's identity given she was an existing customer at the time of the applications (something Ms K highlighted to NS&I at the outset), and in view of this and the amount of premium bonds being bought (£500) for his

granddaughter, Mr K does not believe the application was such a high risk so as to warrant the need for this level of scrutiny about Ms K's identification.

I've noted Mr K's frustrations, but it is not for Mr K to decide what level of risk NS&I are prepared to take any more than it is for me to make that decision. NS&I have regulatory and legal responsibilities to check the identity of their customers. As noted earlier, they explain in their literature and online information that they may need to later check someone's identity for their records. Ms K was an existing customer recorded as living at a different address to the one her documentation was now showing – so I don't think it was unreasonable for NS&I to want to check her identity for their records, and I think the checks were proportionate in the circumstances.

Taking everything I consider relevant into account, I've seen enough to reach my provisional conclusions that there have been times when NS&I could have been clearer in their communications to Mr K and Ms K. But I've also noted there was information available to Mr K and Ms K about NS&I's requirements for acceptable identification documents. And I think it was reasonable for NS&I to request the documentation they needed to satisfy their legal and regulatory obligations.

As mentioned earlier, where something has gone wrong, I need to consider what the impact has been. In this case, I think NS&I – at times – were not as clear as they could have been with Mr K and Ms K. However, the errors I've noted – such as letters wrongly stating the reason for applications being cancelled; NS&I's staff member T giving Mr K the wrong deadline date; potentially a letter wrongly telling Ms K her identification documents had been accepted, and potentially missing correspondence – must also be considered against the information that was available to Mr K and Ms K about NS&I's acceptable documents for identification and whether it was fair for NS&I to request identification documents for Ms K.

Even if I were to conclude that the purchase for Miss D's premium bonds could have been completed sooner, it is difficult for me to say that she has lost out financially. Premium Bonds do not incur interest as they are entries into a prize draw and the advertised odds of winning on NS&I's website describes the odds of winning as 24,000 to 1 (for every £1 Bond). I therefore don't think it's fair to say that Miss D would have definitely won something.

And while I can see the matter has taken up much time for Mr K and Ms K, under our rules neither of them is the eligible complainant in this matter – that is Miss D. So, while I understand Mr K and Ms K will no doubt find this disappointing, I am not able to direct any payment to either Mr K or Ms K for any distress or inconvenience as this is a complaint being made on Miss D's behalf, and I can only make an award to the individual who's complaint this is. As our investigator explained, given Miss D's age she was of course not involved in the complaint and has not suffered any direct distress or inconvenience herself, so I'm unable to make any such award to her.

Responses to my provisional decision

Mr K replied to my provisional decision to say he was not satisfied with it, but provided no new submissions for me to consider. NS&I also provided no further 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.

As neither party submitted any new evidence or submissions for me to consider, I see no reason to alter my findings from those set out in my provisional decision, as set out above.

While I think NS&I could have, at times, communicated better with Mr K and Ms K, there is nothing here to put right because of this.

My final decision

For the reasons above, my Final Decision upholds that at times National Savings and Investments could have done a better job of communicating with Mr K and Ms K, but there is nothing National Savings and Investments need to do to put things right here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision on Miss D's behalf before 3 January 2023.

Kristina Mathews
Ombudsman