

The complaint

Mrs M complains that National Savings and Investments (NSI) made an error when opening investment accounts.

What happened

In July 2021, Mrs M called NSI to invest £50,000. This was placed into a direct saver account. In May 2022, £30,000 was transferred into PSBs and the remainder transferred away from NSI.

Mrs M complained that she wanted to open PSBs with the investment of £50,000 – not into a direct saver. She said this was important to her as it was all the investment money she had left after a split from her ex-partner. She said she would've won much more than the offered compensation from NSI if the investment into PSBs had been made as she intended.

NSI discussed Mrs M's complaint with her and agreed to pay compensation of £150. Mrs M didn't, on reflection accept this outcome and brought her complaint to us. We asked for more information from NSI, who told us that Mrs M called NSI on 26 July 2021 and an investment of £50,000 was made into a direct saver account.

The call isn't any longer available. Mrs M opted for paperless account maintenance. NSI emailed to Mrs M a welcome pack confirming the opening of a direct saver. NSI sent her a NSI number and log on details by post. She tried to log on but was unsuccessful – on 12 August 2021. The first time she logged on was 22 May 2022 – which is when she would've seen she had a direct saver and not PSBs. It was then that she transferred £30,000 to PSBs and withdrew the remainder of £20,000.

Because NSI don't have the call in question anymore, they said they have no evidence to say if she wanted to invest in PSBs or not. And as PSBs are 'luck of the draw' it's not possible to say if she would've won a large prize or not. But NSI offered to pay the PSB 'fund rate' of 1% (increased to 1.4% in June 2022) - £454.25. And they would leave the £86.14 earned on the direct saver. Plus, NSI increased the compensation offered to £250. So NSI offered a total of £790.39.

Mrs M didn't agree. She brought her complaint to us. Our investigator said NSI acted reasonably in dealing with Mrs M's complaint and he thought the offered compensation was fair. There wasn't any firm evidence to say that Mrs M instructed the opening of PSBs. And she was sent a welcome pack for a direct saver account.

Mrs M disagreed. She said she wanted a payment which reflected the possibility of winning a larger prize. So – her complaint came to me to make a final 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.

NSI can't provide the call made by Mrs M in July 2021. So, neither NSI nor us can say what the call contained. Mrs M said she wanted to open PSBs, but a direct saver was opened instead. So here – we have a situation where the information I've got is incomplete, unclear, or contradictory (as some of it is here). Therefore, I must base my decision on the balance of probabilities. That is – what's more likely than not to have happened in all of the circumstances here, based on the available evidence.

On one hand, Mrs M says she wanted to open PSBs. But equally, I can see that she opted for 'paperless' – which meant she wouldn't get paper statements in the post. But she was sent a welcome pack for a direct saver account – and I've seen the email she was sent. It says *"we've opened your Direct Saver... we'll send you separate confirmation of your NS&I number by post. You will be able to log in as soon as you receive this."* And so – it would've been reasonable for Mrs M to have read this email and realised a direct saver had been opened. She could then have contacted NSI.

Unfortunately, Mrs M didn't log on until May 2022. So, she didn't see any details of the direct saver until then.

But I can see she tried to log on before then – but each time she failed or was sent a new temporary password. But I would say that having opted to manage the investment online (i.e. go paperless) there was a responsibility for Mrs M to log on and view her investment – especially as it was a large amount.

Against that, because NSI can't be certain of what was said on the call in July 2021 – they've accepted that Mrs M intended to open PSBs. And made an offer to settle her complaint in line with that. And therefore, the crux of my decision is - whether the offer is reasonable or not.

NSI have offered:

- £454.25 - the PSB prize 'fund rate' of 1% (1.4% for month of June 2022). This is calculated from 26 July 2021 to 23 May 2022 (£50,000) and then from 23 May 2022 to 30 June 2022 (£30,000).
- £86.14 - earned whilst the funds were in the direct saver: NS&I are not asking for this to be repaid.
- £250 payment (increased from £150).

The main issue at hand is the amount of £454.25. As NSI have said, the prize draw for PSBs is just that – it is 'luck of the draw'. So – we just can't say whether Mrs M would've won a larger prize or not. But NSI showed us the data for the prize draws for September 2021 and May 2022 – the two draws that Mrs M would've been eligible for. These show that the average prize pay-out for an investment of £50,000 was 1% per annum. Mrs M's potential holding of PSBs was for nine months – and so the average pay-out for that period was £320. So – in the light of that data, NSI's offer of £454.25 is very fair – as it is above the 'average' pay-out for the investment.

Now – Mrs M argues she may have won a higher prize. But NSI's data shows that the chances of that are about 0.27%. I've considered this further. But - I don't think it's fair for me to say that she may have won a higher value prize, nor to make a higher award based on that possibility.

Mrs M has also argued that if the phone call in July 2021 was available, the award would be higher. I've considered this and it wouldn't affect the compensation - because NSI have accepted that her intention was to open PSBs. And the chances of her winning a higher prize would still be subject to the same considerations as I've set out. And so – the availability of the call isn't relevant here.

I've considered the other two aspects of NSI's offer and I think they are also reasonable. The retaining of the interest of £86.14 is self-explanatory. And looking at the compensation, our service has set out some criteria for compensation payments. We say an award up to £300 might be suitable where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. Typically, in this range we'll usually see either some inconvenience has been caused...or disappointment and loss of expectation. I think what happened fits into this definition and so - the award of £250 is also fair.

Putting things right

My decision confirms the award that NSI have offered – and which Mrs M has rejected. This is for NSI to pay £704.25 made up as follows:

- £454.25 - the PSB prize fund rate of 1% (1.4% for month of June 2022). This is calculated from July 2021 to end of June 2022.
- £250 compensation payment (increased from £150).

And as I've said, NSI agree to leave the interest earned on the direct saver.(continued)

My final decision

I uphold this complaint. National Savings and Investments have already made an offer to pay £704.25 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that National Savings and Investments should pay £704.25.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 30 January 2023.

Martin Lord
Ombudsman