

## The complaint

Mr B complains that National Savings and Investments (NS&I) didn't pay his premium bond prizes into his bank account as instructed and didn't email him to notify him of his prizes.

## What happened

Mr B complained to NS&I on 1 April 2023 that £1,775 of premium bond prizes, which he hadn't been notified of by email, hadn't been paid into his bank account as instructed.

In its final response letter dated 2 May 2023, NS&I said that there was a backlog of unpaid prizes on Mr B's account from August 2022. It said this was due to a security marker being applied following the return of undelivered post and that this meant a block was put on all outgoing correspondence including emails. It said the block had been removed and all payments made into Mr B's bank account.

Mr B wasn't satisfied with NS&I's response and referred his complaint to this service. He said he wasn't aware that he had failed to receive any post from NS&I. He said he had notified NS&I of his new address in January 2020 and had received post from NS&I in the period when the marker was supposedly on his account. He said that even if post had been returned this shouldn't have meant his prizes weren't paid into his bank account or that an email shouldn't be sent to him. He wanted to be compensated for the loss of interest and the inconvenience he has been caused.

After the referral of Mr B's complaint to this service, NS&I made an offer of £50 compensation. Our investigator thought this was reasonable, but Mr B didn't. Mr B reiterated that any issue with his address was irrelevant to the payment of funds. He said that NS&I's processes were illogical and outdated and its actions weren't in the interest to him, the consumer as he had lost out financially by its actions. Mr B explained that he had raised a separate complaint with NS&I which was also about the failure to pay interest into his bank account over the same time period but related to a different product and in that case NS&I had admitted liability and paid him compensation of £225. Mr B said he wouldn't accept a settlement offer for this complaint unless it was materially greater than £225.

In January 2024, NS&I provided further information about the block codes applied to different accounts and made a further offer in response to Mr B's complaint. It said it would match the £225 compensation that it had paid in response to Mr B's other complaint.

Following further questions about whether the correct code had been applied to Mr B's account after mail had been returned, NS&I said that the incorrect block marker was applied and that had the correct marker been added to Mr B's account it would've stopped postal correspondence going out, but still allowed prizes to be paid to Mr B's account and for email prize notifications to be sent. It said that this information wasn't known at the time if responded to Mr B's complaint. Because of this it increased its offer of compensation to £325.

Mr B didn't accept NS&I's revised offer. He said he had found NS&I's behaviour across this complaint unprofessional and contemptible and thought that NS&I's admission of error as

well as its behaviour needed to be recognised. Mr B summarised his points saying that the mistake was made by NS&I almost two years ago and he spotted the error a year ago and asked for it to be corrected. But at that time NS&I refused to admit to the error. He said that even after referring his complaint to this service, NS&I still didn't admit to its mistake until very recently. He said that Government agencies, such as NS&I needed to be held to account and he said that NS&I had hidden behind its processes and instead of accepting a mistake had been made and admitting to this it had lied. He said that when he first raised his complaint, NS&I should have taken action to put him back in the position he would have been had the issue not arisen and had it done this he would have accepted the response and not taken his complaint further.

### **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 can understand why Mr B has found his experience dealing with this complaint frustrating. He has explained that he wasn't aware a block had been placed on his account and I can understand why he didn't accept that even if there was an issue with a returned item of mail that this meant he shouldn't receive email notification of his premium bond prizes and payment of any prizes into his account.

Following Mr B's referral of his complaint to this service, NS&I provided a submission which explained that a block had been added to Mr B's account on 23 July 2022 as a maturity letter it had sent to him regarding another product Mr B held was returned undelivered. The block applied was a 'stop all' block which was why Mr B didn't receive further notifications or payments. In its initial response NS&I said that the block could have been lifted on 9 March when it received a sales form from Mr B and the address details were the same as those it held. However, the block wasn't lifted until 23 March following Mr B's request for statements and the outstanding prizes not issued until 17 April.

NS&I provided new information in January 2024, about the blocks that are applied to accounts. It noted that the 'stop all' block was often not appropriate as more customers hold paperless accounts. It then confirmed that the incorrect block had been applied to Mr B's account. Instead of a 'stop all' block being applied the block should have just prevented postal correspondence and not prize payments or email notifications of prize wins.

Given the above, I find that NS&I didn't provide Mr B with the service it should have. While I cannot say it was unreasonable to apply a block when an item of post was returned, the incorrect block was applied which is what has given rise to this complaint. NS&I didn't then explain this to Mr B, and this has only been identified after our investigator had issued his views. I note NS&I's comment that this error wasn't known when it first responded to Mr B's complaint, but I think that NS&I's initial investigation should have identified this. Had that happened, this issue could have been resolved much sooner. Because of this, I find that NS&I should pay Mr B compensation to reflect the delay in him receiving his prize money and the trouble and upset he has been caused by the incorrect block being applied to his account and NS&I not informing him of this.

I understand that Mr B doesn't think that £325 is enough in this case and he feels that NS&I has failed to take responsibility for its mistakes. But our role isn't to punish the business but instead to make sure the customer is put back in the position he would have been had the mistake not happened and where appropriate award compensation for the distress and inconvenience they have been caused. In this case, Mr B received the outstanding prize money in April 2023 and noting the issues raised I find the offer of £325 made by NS&I is reasonable.

I appreciate that Mr B wants NS&I to explain further the chain of events and what it is doing to prevent this issue happening again. However, I find that NS&I has now explained the block being applied following the returned mail and that this was incorrect. I would expect it to take on board the comments Mr B has made but, as the payments have now been made to Mr B and the block removed, I do not find it is required to do anything further other than pay Mr B the £325 compensation it has offered.

### **Putting things right**

National Savings and Investments should pay Mr B £325 compensation as it has offered.

### **My final decision**

National Savings and Investments should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 February 2024.

Jane Archer  
**Ombudsman**