

The complaint

Mr C complains, in his capacity as executor of Ms S's estate, that National Savings and Investments negligently allowed Ms S's funds to be paid to an incorrect account with a bank, then failed to properly assist him in recovering the money.

I acknowledge that Mr C is also unhappy with the actions of the bank, but this complaint is against NS&I alone and so I make no comment about whether the bank treated him fairly.

What happened

One of our investigators looked at this complaint, and tried to establish what had happened. His conclusions were:

- Mr C wrote to NS&I in September 2022 to notify it of Ms S's death, and to ask for the funds held in her savings bond to be transferred to a bank account ending with a number ending in 978. Unfortunately, those details were not correct, and the holder of that bank account was not related in any way to Mr C or Ms S.
- NS&I asked Mr C to complete a form to enable the transfer. He did so in November 2022, and in that form asked for the funds to be transferred to a bank account with a number ending in 287. That was the correct account number.
- Mr C then sent a follow up letter in December 2022, providing NS&I with the Grant of Probate showing that he was entitled to deal with Ms S's estate. His letter asked NS&I to send the funds to an account ending 978 (the wrong number). He also provided a copy of the letter he'd sent in September 2022, which also asked NS&I to send the funds to account ending 978.
- NS&I then made the payment to account ending 978, as requested in Mr C's most recent letter. The funds ended up in a third party's account.
- Mr C called NS&I around ten days later to chase the funds, and an agent told him that they had been sent to account ending 287 (the correct number). That was not true; the funds had been sent to account ending 978 (the wrong number). It appears that the agent assumed that NS&I had used the account number from the form Mr C provided, rather than checking where they had actually gone. NS&I later apologised for the misinformation and paid Mr C £50 to compensate him.
- NS&I told Mr C that the funds had actually been sent to account ending 978 in early January 2023. It agreed to attempt to chase the funds, and sent a BACS recovery form to the bank involved. After some back and forth, the bank told NS&I in early March 2023 that the recovery attempt had been unsuccessful.
- Mr C contacted the bank himself, and in June 2023 he let NS&I know that the bank had traced the funds and the recipient was willing to return them. NS&I therefore raised a new BACS recovery request.

- After further correspondence between NS&I, the bank, and our investigator, the bank returned the funds to NS&I on 25 September 2023. NS&I then paid the funds to account ending 287 (the correct account) on 27 October 2023. NS&I later acknowledged that it had delayed sending the funds, and agreed to pay interest on the money at 8% per year simple from 25 September 2023 to 27 October 2023.

Our investigator didn't think NS&I had done anything wrong in making payment to account ending 978. He accepted that Mr C had provided a different account number in the form he completed, but he thought it was reasonable for NS&I to have followed the instructions it received in Mr C's December 2022 letter.

Our investigator also said that he didn't think it would be fair to hold NS&I responsible for the majority of the delay in receiving the funds. He was satisfied that it had raised a BACS recovery request as soon as it was aware that Mr C had not received the money, and it wouldn't be right to hold NS&I responsible for the fact the bank initially said the funds were unavailable. Similarly, he was satisfied that NS&I acted quickly in June 2023 when it was told that in fact the funds were available, and he didn't think NS&I could be blamed for the fact that the bank didn't return the money until later September 2023.

However, our investigator thought NS&I had acted too slowly once it received the funds from the bank. He recommended that NS&I pay £150 (in addition to the £50 already paid) to compensate Mr C for the distress and inconvenience caused by NS&I's original incorrect advice on the phone, and for NS&I unnecessarily holding on to the funds for around a month after the bank returned them.

NS&I accepted our investigator's findings, but Mr C did not. He said he felt that the compensation offered was derisory at best, given the suffering caused to both him and his wife. He considers NS&I and the bank could both have done much more, more quickly, and without the involvement of the Financial Ombudsman Service.

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.

Having done so, there is very little I can add to what our investigator has already said. Overall, I think his recommendations are fair. I give a further explanation of my findings below.

The December 2022 transfer

Mr C considers that NS&I was negligent when it transferred Ms S's funds to account ending 978 in December 2022. It knew (or should have known) that he had given conflicting instructions about where to send the money. In addition, if NS&I had checked the account details against the account holder's name, it would have discovered that they did not match.

I acknowledge that NS&I did have opportunities to discover that Mr C had made a mistake. It is possible that it *could* have discovered the problem – but I don't think I can fairly say that it *should* have noticed the discrepancies. Clearly it would have been helpful if NS&I had checked whether the account holder's name matched the account details, but it was not required to do that.

Overall, I think it was reasonable for NS&I to act on the most recent instructions it had received. That means I think NS&I acted fairly when it transferred the money to account ending 978.

Recovering the funds

I am pleased that Mr C has since been able to recover the funds, but it is extremely unfortunate that recovery took nearly a year. However, I cannot hold NS&I responsible for all (or even most) of that delay.

I am satisfied that NS&I acted swiftly once it became aware that the funds had not been received in the intended account. NS&I twice contacted the receiving bank to make recovery requests, but it is not responsible for the actions of that bank. I have seen evidence that the other bank refused to return the funds in March 2023, and I am satisfied that that refusal was not NS&I's fault.

I don't think NS&I could reasonably have been expected to return the funds to Mr C before 25 September 2023 (when the bank returned the money to NS&I). But I do think it should have acted swiftly at that point, and paid the funds to Mr C well before 27 October 2023.

Putting things right

I consider that NS&I made two errors here:

- It told Mr C that it had initially transferred the money to account ending 287, when that was not true.
- When it did receive the funds back from the bank, it took a month to send them on to Mr C.

In my view, NS&I has already paid sufficient compensation for any financial loss that it is responsible for. It has paid Mr C interest at 8% per year simple for the period between 25 September 2023 and 27 October 2023, and I think that is enough.

I have also considered the issue of distress and inconvenience. NS&I has paid £50 to apologise for the incorrect information it gave. I think that would have been fair compensation for that issue alone, but I agree with our investigator that NS&I should make an additional payment to apologise for its delay from 25 September 2023 onwards. Taking into account what happened, considering our guidelines, and applying my own judgement, my view is that a payment of an additional £150 is fair.

I acknowledge that Mr C considers that a total payment of £200 is derisory. I know that he has been through an extremely difficult time, and that he will be very disappointed by my decision. But I stress that the compensation is only intended for the two specific errors noted above. It is not intended to compensate him for the distress caused by the entire episode, because I don't think that NS&I is responsible for all of the distress he suffered.

My final decision

My final decision is that National Savings and Investments should pay Mr C an additional £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Ms S to accept or reject my decision before 28 June 2024.

Laura Colman
Ombudsman

