

The complaint

Mr H complains that National Savings and Investments (NS&I) won't allow him to renew his 'Index-Linked Saving Certificate' for a two-year term. Mr H also referred to poor service he received when using NS&I's helpline.

What happened

Mr H wanted to renew his 'Index-Linked Saving Certificate' (ILSC) for a two-year term, but NS&I declined. He complained to NS&I saying he had invested in ILSCs for many years, choosing a three-year term, but now wanted to renew for a two-year term due to his age.

Mr H said NS&I applied a rule that only existing two-year certificates can be renewed for two years. He said while NS&I offer a two-year option, it should be available to all at renewal as it is unfair to restrict the choice of customers who happened not to have chosen a two-year term originally. Mr H said he wasn't seeking compensation, just fair treatment for customers.

When another of Mr H's certificates was due to renew he instructed NS&I to transfer the sum to his savings account but was told he hadn't completed the bank details. Mr H called NS&I and after a long wait was told it was NS&I's mistake and payment would be made.

In its response to Mr H's complaint, NS&I said, 'this term is only available when renewing an existing 2-year certificate'. It wrote to Mr H 30 days before his ILSC matured to set out the options available to him, along with a summary box with an explanation.

NS&I said it stopped selling ILSCs in 2011 and customers can no longer deposit funds but are allowed to roll over the investment at maturity. NS&I said current options are for three or five-year terms as the two-year ILSC ended in 2004 and is only available to those already on a two-year term. NS&I said the terms of the Customer Agreement allow it to stop offering ILSCs of a particular term. NS&I apologised to Mr H for the service he received and paid a total of £105 compensation including for the problem it caused with his payment instruction.

Mr H wasn't satisfied with this response and referred his complaint to our service.

Our investigator didn't recommend that it be upheld. She said the ILSC two-year fixed term certificate was abolished in 2004 and replaced with a three-year certificate. Then all ILSCs were taken off sale in 2011 and are no longer available to new customers. She said the Terms and Conditions allow NS&I to stop offering ILSCs of a particular term, and it is entitled to review its products, make amendments, or remove them altogether, if needed.

Mr H wasn't happy with this outcome and requested an ombudsman review his complaint. He said he wasn't aware that the ILSC two-year term ended in 2004 and if all ILSCs were taken off sale in 2011, how is it he can renew for a five-year term but not a two-year term. He said it's perverse that renewing a two-year term has a choice of two, or more years but renewing a three-year term is only for a three or five-year term.

Mr H said the investigator stated that NS&I can't sell him a new product which isn't available. However, the product is still available to some, and the five-year product is available to him

even though ILSCs were stopped in 2011. Mr H said he is only seeking fair treatment for all NS&I customers.

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.

Mr H is frustrated at NS&I's decline of his request for renewal of his investment on to a two-year term. Due to his age, Mr H was attracted to a two-year fixed term ILSC as opposed to the three-year term he previously held.

Our role is to determine whether or not NS&I has handled Mr H's investment request within its terms and conditions and if it has treated him fairly, which in this context means in accordance with how it treats other customers in his situation.

I have looked at the information NS&I sent to Mr H as his investment neared maturity. Under the heading, 'NS&I Index-Linked Savings Certificates' it states about the two-year term investment that it is, 'only available when renewing an existing 2 year Certificate'. It shows the interest rate on investments for two, three and five years to be the same.

NS&I's 'Key Features and Customer Agreement' shows one of the options available at maturity is to reinvest in a new certificate of the same term, which means, as part of the terms and conditions, a customer is allowed to roll over their investment onto the same product at maturity, or for a longer term.

Under the Customer Agreement it states, 'We may decide to stop offering Index-linked Savings Certificates, or Certificates of a particular term, but we'll let you know if we do this'. It also states that NS&I can change the agreement at any time. Having notified the restrictions, NS&I is entitled to only offer two-year fixed term certificates to customers who already have this option.

Unfortunately for Mr H, this means the two-year fixed term isn't an option that NS&I has to offer him or any new customers. I can well understand Mr H's disappointment at the unavailability to him of the two-year term certificate, but NS&I don't have to make this product available to him under its terms and conditions.

Mr H said the investigator stated that NS&I can't sell him a new product which isn't available any more, but the product is still available to some. Mr H said NS&I's decision about the two-year term is unfair.

Having ended the ILSCs products for new customers in 2011 (and the two-year fixed term certificate in 2004) it would appear that NS&I wish to restrict the availability of the certificates to existing customers and then to restrict existing customers at renewal so as to reduce the overall investment in the product. This is a commercial decision that NS&I are entitled to make, and our service cannot tell a business to offer unrestricted access to an investment.

Mr H anticipated this response and said if NS&I are trying to run down the two-year option they should close it to everyone. But I don't agree, as I think it's fairer for a savings scheme to be run down gradually with options for existing users, than to be ended at a stroke. In any event, as I have said this is a commercial decision that NS&I is entitled to make.

From what I have seen NS&I has treated Mr H in common with all other customers renewing certificates in his circumstances and so I cannot find that it has treated him unfairly.

Mr H hasn't made his complaint in order to obtain compensation, and in respect of his renewal options I have found that NS&I acted within its terms and conditions and treated him

fairly. NS&I accepts that it provided Mr H with poor service on his payment instruction and delays on his calls. I think the £105 compensation it paid Mr H is fair in the circumstances.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 June 2024.

Andrew Fraser
Ombudsman