

The complaint

Mr T complains National Savings and Investment (NS&I) blocked a transfer he requested from his Premium Bond account to his bank account, causing him to go overdrawn.

What happened

Mr T wanted to transfer £3,000 from his Premium Bonds to his current account, held with a third party bank.

Mr T telephoned NS&I on 16 August 2023 to find out how he could undertake this transfer. NS&I advised him of his options explaining he could complete the transfer on the telephone, do it online or fill out a form.

The first adviser Mr T spoke to during this call attempted to complete the transfer but Mr T was unable to pass the security questions, therefore the adviser couldn't log into his account.

Mr T then said what he thought might have been his full password to the adviser. The adviser explained they would have to transfer Mr T to a second adviser. NS&I have explained its policy advisers only ask for certain characters within a password, never the full password, and advisers need to transfer customers if they disclose their full password during a telephone call for security reasons.

The call ended without Mr T passing security, and therefore the transfer could not be made. The final call handler agreed to send out a form for him to complete the transfer, which Mr T was satisfied with.

On 24 August Mr T called NS&I. He explained he had sent in the required information, but the transfer had still not happened. During this call, one of the advisers Mr T spoke with explained the transfer had not happened because Mr T had not submitted a form but had written a letter, which NS&I would not accept for the purposes of a transfer.

NS&I again asked Mr T for characters from his password during this call, which at first he was not able to provide. Later on during the call, Mr T again said what he thought might have been his full password to the call handler, meaning he had to be transferred to another adviser. Eventually Mr T was transferred through to the security team to anonymously reset his password.

Before transferring him to the security team, the adviser explained the process to Mr T. They explained he must not provide any personal details to the person he was being transferred to, so his password could be changed anonymously.

Unfortunately, Mr T introduced himself to the security adviser himself using his full name and provided further personal information. This adviser then tried to transfer him again due to these security issues, but Mr T decided to terminate the call.

Mr T called again on 25 August, he made the transfer on this occasion, having successfully reset his password.

Throughout the calls it is clear Mr T struggled to hear much of what is being said by the advisers. In his complaint form to us, Mr T said his hearing-aids were broken.

In its response, NS&I said it had also received two written requests from Mr T to transfer £3,000, both dated 21 August. These were received by NS&I on 29 and 31 August.

NS&I explained one of these requests was not processed as it recognised it as a duplicate request for the transfer made on 25 August, however, it did process the second request it received, transferring another £3,000 to Mr T's third party bank account.

Our investigator identified the service NS&I provided could have been better on occasions. During the investigation, our investigator highlighted one call from Mr T to NS&I, where they considered the adviser had not met reasonable standards. NS&I agreed this call, on 25 August, was not acceptable.

Our investigator did not find NS&I had done anything wrong in terms of the processes it followed and had not caused any delays. They explained it was not our role to punish or fine businesses as Mr T had requested.

Due to the poor service Mr T received, our investigator recommended NS&I pay Mr T £100 for the distress and inconvenience it had caused him. Mr T responded that his complaint still stands.

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 have listened carefully to the telephone calls Mr T made to NS&I and read the letters he sent to them and our service about the transfer.

Firstly, I understand why NS&I need to carefully verify the identity of callers before they can access accounts. Caller verification is an important part of safeguarding against fraud and unauthorised access to accounts.

I think most of the issues during the calls stem from Mr T not being able to hear, and therefore understand, what the advisers were asking of him.

Mr T confirmed on several occasions he struggled with his hearing, and it appears to me this difficulty led to Mr T being unable to pass security. This also meant he needed to be transferred to different advisers as he provided information he was told not to on at least two occasions, which clearly frustrated him.

It is entirely reasonable NS&I could not process his request without being able to verify Mr T through their verification processes, and I think the advisers were trying their best to identify Mr T in difficult circumstances.

I am also mindful NS&I agreed to send out a form during the first call, which Mr T was satisfied with, and Mr T decided to terminate the second call without resolution. He successfully made the transfer during the third call.

I therefore do not uphold the complaint NS&I blocked Mr T's transfer, they were unable to verify him, and therefore could not process this transfer on the first two occasions. I've also considered NS&I offered an alternative method of completing the transfer as a resolution.

That said, I do think there was an occasion during Mr T's contact with NS&I where customer service could have been better.

On one occasion Mr T is spoken over, and inappropriate comments are made. This was highlighted by our investigator during their investigation and raised with NS&I, who agreed this was unacceptable. Having listened to this call I agree the standard of service fell below what we would reasonably expect from a financial institution dealing with a customer.

For this reason, I uphold this part of the complaint regarding customer service, in that Mr T was treated unfairly during this call which caused him unnecessary distress and inconvenience. NS&I should pay Mr T £100. I think this is fair and reasonable and is in line with similar compensation payments for this type of distress and inconvenience.

Finally, I note Mr T wants NS&I to pay a fine of £10,000.

It is not the role of the Financial Ombudsman Service to fine financial companies, this is the role of the regulator, the Financial Conduct Authority.

My final decision

For the reasons I have explained above, I uphold this complaint in part. I require National Savings and Investments to pay Mr T £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 16 April 2024.

Gareth Jones
Ombudsman