

## **The complaint**

Mrs M is unhappy that National Savings and Investments (“NS&I”) automatically reinvested the proceeds of a matured bond into a new bond with different terms.

## **What happened**

Mrs M held a five-year bond with NS&I that matured in November 2020. The terms of that bond included that it would automatically be rolled over at the point of maturity to a new five-year bond of the same type, unless Mrs M provided instructions to the contrary.

In late 2020, around the time that the bond matured, Mrs M was tending to her husband, who had Covid, and she also had Covid herself. Because of this, Mrs M didn’t provide any instruction to NS&I about her maturing bond. And so, the bond was automatically rolled over to a new five-year bond.

However, unbeknownst to Mrs M, NS&I had changed the terms of this type of bond such that withdrawals from the bond during the term – which had been permitted previously – were now not allowed. This meant that Mrs C’s money was ‘locked in’ until the bond maturity date in November 2025. Mrs M wasn’t happy about this, so she raised a complaint.

NS&I responded to Mrs M and explained that the change in terms had been clearly highlighted and explained in the pre-maturity letter that they’d sent her, and that Mrs M had also had a 30-day cancellation period from the start date of the bond if she was unhappy with the new terms. Because of this, NS&I didn’t agree to allow Mrs M to withdraw her money from the bond before November 2025 as she wanted. Mrs M wasn’t satisfied with NS&I’s response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel NS&I had acted unfairly in how they’d managed the situation and so didn’t uphold the complaint. Mrs M remained dissatisfied, so the matter was escalated to an ombudsman for 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.

Having done so, I’d like to begin by confirming that this service isn’t a regulatory body or a Court of Law and doesn’t operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mrs M has provided several detailed submissions to this service regarding her complaint. I’d like to thank Mrs M for these submissions, and I hope she doesn’t consider it a discourtesy that I won’t be responding in similar detail here. Instead, I’ve focussed on

what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mrs M notes that I haven't addressed a specific point she's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mrs M and NS&I. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

I can appreciate Mrs M's dissatisfaction that her money was automatically reinvested into a new bond with different terms to the previous bond. Specifically, that the terms of her new bond precluded any early withdrawal of funds – which wasn't the case for the old bond – meaning that her money was 'locked in' until the maturity date of the new bond.

However, I do feel that it's fair that NS&I can change the terms of their bond, so long as they provide notice to their customers that the terms have changed. This is so that NS&I's customers can be aware of the changes in the bond terms and so that they have the opportunity to take alternative action if they're not happy with the new terms.

I think that NS&I did that here. And I say this because they did send a pre-maturity letter to Mrs M in October 2020 which clearly explained at the beginning of that letter that the terms of the bond had changed. This was as follows:

*"We've made an important change to NS&I Guaranteed Income Bonds*

*If you decide to renew or buy a new Bond, you won't be able to cash it in before the new maturity date – you'll need to hold the Bond for the full term.*

*We have also given you the right to cancel within 30 days."*

Mrs M has confirmed that she received this letter from NS&I. But she's explained that because of the difficult personal circumstances she was experiencing at that time – caring for her ill husband while also being ill herself – she didn't register that the bond terms had changed or the significance of those changes. And Mrs M has also said that she didn't have the opportunity to provide any alternative investment instructions to NS&I before the bond matured, or to cancel the new bond within the given 30-day cancellation period.

I can sympathise with Mrs M regarding the difficult circumstances she faced. But NS&I have provided confirmation that Mrs M logged into her NS&I account online in October 2020, a few days after the pre-maturity letter was posted to her, and that Mrs M was active online following this log in for at least twelve minutes. And NS&I's records also show a shorter account log in by Mrs M in December 2020, after the bond had been automatically reinvested but before the 30-day cancellation period expired.

Mrs M has explained that she logged into her NS&I account on those occasions because she'd received notices from NS&I that she'd won prizes on her NS&I Premium Bond holdings, and that the logins weren't related to the bond under consideration here.

But I feel that the fact that Mrs M was able to log in to her NS&I account at all, for whatever reason, makes it difficult for me to accept her argument that she was reasonably unable to login to her NS&I account to either provide alternative instructions to NS&I prior to her old bond maturing or to cancel the new bond within the 30-day cancellation period. Rather, I feel that the fact that Mrs M was able to log in to her NS&I account as described above demonstrates that she reasonably was able to log in to her NS&I account in relation to the bond about which she here complains.

Accordingly, I therefore feel that NS&I did provide notice to Mrs M that the terms of the new bond had changed, and that Mrs M did have a fair opportunity to provide alternative instructions to NS&I if she didn't want to accept those new terms, or to have cancelled the new bond within the 30-day cancelation period. And because Mrs M didn't do either of these things, despite being given the fair opportunity to do so, I don't feel that NS&I are acting unfairly here by continuing to hold Mrs M beholden to the terms of the new bond.

I realise this won't be the outcome Mrs M was wanting, but it follows from all the above that I won't be upholding this complaint or instructing NS&I to take any further or alternative action here. I hope that Mrs M will understand, given what I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 April 2024.

Paul Cooper  
**Ombudsman**