

The complaint

The estate of Mrs J complains National Savings and Investments (NS&I) took too long to pay the investments she held. To resolve matters the estate would like interest it believes was lost on the funds, for the period of the delay, and compensation for the inconvenience caused.

While this is the estate's complaint, for ease of read, I will refer to Mr B, one of the executors who has been corresponding on the complaint.

What happened

Mrs J held savings certificates and premium bonds with NS&I. Sadly, she passed away in December 2022. On the 19 April 2023, Mr B sent a copy of the grant of probate and form for encashment of the investments but didn't hear anything back.

He contacted NS&I on 24 May and learned it had received the paperwork, but it was experiencing delays of up to six weeks in processing and making payments. He didn't think this was satisfactory and raised a complaint.

NS&I responded. In summary, it accepted the delays were unacceptable, it apologised and paid £75 for the inconvenience caused. It also confirmed the transfer of the investments had happened and payments of the monies made on 30 May 2023.

Mr B accepted the £75 but he didn't think the suggested settlement went far enough. He calculated there had been a delay of 35 days, and it was only right that NS&I should also reimburse the estate for the loss of interest on the funds and proposed a rate of 4 per cent per annum. He calculated this to be £191.78.

NS&I declined. It said the savings had earned interest up to the date the accounts were closed and the premium bonds were entered into the prize draw for a period of twelve months after the date of death as per the agreement, which they had. So, no additional payments were due on top of the premium bonds.

Mr B didn't agree and referred the complaint to us. One of our investigators looked into things. He agreed with NS&I's analysis on the interest element and concluded there wasn't a loss to the estate, as the funds had been distributed to the beneficiaries as soon as they had been received and that's what would have happened had the money got to the executors sooner. He said the beneficiaries may have a potential claim for a loss of interest, but it wasn't a claim we could consider under our rules, because they weren't customers of NS&I – the late Mrs J was. He also found £75 was reasonable for the level of inconvenience the estate had been caused.

Mr B didn't agree. He maintained that the estate was owed interest on the funds from the premium bonds and in actual fact the delay was longer than first thought because the funds hadn't actually hit the account until the 5 June. He recalculated this to be £213.70. He also pointed out that some of the executors were beneficiaries so in his view this was a claim that

could be considered by us. And he didn't believe the figure of £75 reflected the inconvenience involved in corresponding with NS&I and raising the matter with our service.

During this time, NS&I contacted us. It offered to pay £164.38 interest to settle the complaint. It said it had used 4 per cent Mr B had suggested but over a period of 30 days because there was an internal service level agreement that it could take seven days to process claims and payments in relation to death.

The investigator put the offer to Mr B, but it was rejected on behalf of the estate. He said the seven days weren't in the terms and conditions. He also added the following, in summary:

- The law treats executors as fully entitled owners of the estate assets at all times prior to distribution of funds.
- They have the legal standing to bring proceedings to recover assets due to the estate.
- While the ultimate loss is felt by the beneficiaries, this does not mean that the estate has not also suffered a loss prior to distributing the funds.

When an agreement couldn't be reached, the case was put forward for a 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.

It's clear Mr B feels strongly about what's happened. He's made detailed submissions in support of this complaint, including references to legal principles, which I have read and considered. I hope the fact that I do not respond in a similar manner will not be taken as a discourtesy; as an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made, but to concentrate on the crux of the issue. Also, if Mr B wants a decision on specific legal points relating to a claim, then he'd need to take that matter to court.

Mr B is representing the estate with a number of other executors. This is important because it affects the basis on which I can award compensation. If Mr B were complaining about his own accounts, then I'd be able to consider matters such as the distress and inconvenience he'd personally been caused. But, here, he's representing the estate. The estate isn't a 'person' in its own right so can't suffer distress and inconvenience. Our guidelines say I can only award payments for financial loss in these circumstances.

There's been a fair bit of debate about when the payments should have been made, with NS&I referring to service level agreements and Mr B referring the terms and conditions. I can understand why this debate arose. But key thing to note is that this was a claim involving a deceased customer. So, I wouldn't have expected the claim to be paid the next business day. I would however have expected it to take a few days, because NS&I would need to complete administrative processes, given this was different to an ordinary withdrawal.

In any event, NS&I has accepted the overall time taken was unacceptable, its apologised and paid £75. It has since offered a further £164.38 to settle the complaint. NS&I didn't need to offer this as the premium bonds weren't held in an interest-bearing account and there's no demonstrable loss to the estate either, as the money was never going to be invested by it. Its role was to distribute the funds on receipt, which is what subsequently happened. I appreciate Mr B won't think this is fair but these are relevant factors that I can't ignore.

Our investigator referenced the beneficiaries may or could have a claim. But as he also explained, the beneficiaries don't hold a relevant relationship under our rules for us to have the power to consider it. DISP 2.7.6 sets out the list of relevant relationships. At no point did NS&I enter into a customer relationship with the beneficiaries – the relevant relationship was held by the late Mrs J.

Considering these factors, I wouldn't have required NS&I to pay any interest. But given that it has offered to make a payment of £164.38, I'll leave it to Mr B to decide whether he wishes to accept it in his capacity as executor of Mrs J's estate. In such circumstances he should contact NS&I direct.

I can see why Mr B would say he and other executors have been caused inconvenience in terms of delays, lack of communication, and the inconvenience of having to chase up something that should just have been done. I note NS&I have already paid £75 for these issues, which is likely the amount I'd have suggested – if I could have awarded money for this. A final observation to share, where we have the power to make awards, we don't usually do so for referring a complaint to our service, as it's expected there will be a degree of communication involved in dealing with the matter.

My final decision

For the reasons I have given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs J to accept or reject my decision before 7 March 2024.

Sarita Taylor
Ombudsman