

The complaint

Mrs G, the representative of the estate of the late Mr O, complains that National Savings and Investments (NS&I) has not identified an account in the late Mr O's name and won't refund the £50 investment and the accrued interest.

What happened

Mrs G said that the estate holds a valid receipt for an investment of £50 of premium bonds from 1986. She said that unless NS&I can prove, beyond all reasonable doubt, the account was closed, NS&I must refund the investment, together with accrued interest, to the estate.

Mrs G said that high street banks with money in "*dormant accounts*" are able to find the details of an account and so it's reasonable to ask NS&I to do so. She said it would be all too easy to claim the account was closed without a shred of direct and incontrovertible proof.

NS&I said searches including by its technical team showed that it's likely the premium bond account is closed, but due to the passage of time it couldn't prove this. Mrs G wasn't happy and referred the complaint to us. Our investigator didn't recommend the complaint be upheld. He said NS&I had made a thorough search of its database and couldn't locate an open account linked to Mr O, or any accounts for someone with his date of birth. He said the account number on the receipt didn't match NS&I's database due to the date of purchase, and so the searches NS&I carried out on Mr O's name and date of birth were more accurate.

The investigator said the deposit receipt from 1986 would have been followed by a certificate and this would have been updated if the investment was closed. He said as the certificate can't be located, it is reasonable for NS&I to conclude that the account was closed, and the certificate destroyed as of no use. He said NS&I is required to keep records for seven years after an account closes, and due to the passage of time, he could understand why a record of the closure isn't available. The investigator was satisfied NS&I had investigated properly.

Mrs G wasn't satisfied with the investigator's view, saying what he had seen is wholly insufficient. Mrs G said the investigator had placed more reliance than is justifiable on representations from NS&I, 'without having due regard to the very dangerous precedent the consequences of your finding for the wider body of financial, deposit taking institutions'.

Mrs G said the adequacy of NS&I's response shouldn't be judged according to the criteria of whether an account was opened and/or disposed of, and whether an evidential audit trail supports NS&I findings. She said it's not the issue how the recipient dealt with it from that point on, but the receipt held is proof that £50 was invested. Mrs G put forward scenarios of the clerk receiving the £50, misappropriating the money, or misallocating the account which would mean an account might never have been opened.

Mrs G asked if any steps were taken to ascertain the nature and skills of NS&I's technical team. She said NS&I expect us to believe that whilst it cannot trace the processing of the receipt post issue, it can confirm there are no outstanding uncashed deposits. This means NS&I is prepared to overlook the proof the investment was made and claim it was cashed without any proof, which isn't acceptable as a basis for the investigator's assumptions.

Mrs G gave examples of scenarios where 'overzealous adherence' to businesses disposing of records after seven years have passed would lead to unfair outcomes. Mrs G has requested that we hold UK deposit taking institutions to honour their receipts if they cannot show previous valid encashment because people deserve protection.

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 can see the strength of feeling that Mrs G has brought to this complaint and I was very sorry to learn about her loss. I understand how important this matter is to her, but I hope she doesn't consider it a discourtesy if I don't answer every point she has made as I have focussed on the points I consider to be key to the complaint.

Mrs G has said the receipt for the payment of £50 of premium bonds is evidence of an investment and NS&I can't prove it was repaid. Actually the receipt is for the payment of £50 to a third party, not NS&I. I've looked carefully at NS&I's response to Mrs G's enquiry and complaint to see if it has checked as far as is possible for the existence of a premium bond account held by Mr O. I can see that NS&I carried out a database search of Mr O's full name and date of birth, with no account showing. NS&I's technical team then reviewed its records and confirmed that there are no outstanding deposits of £50 from the date of purchase in 1986, that have yet to be cashed.

Mrs G said these are findings based on unproven assumptions, which is unacceptable. It is correct to say that NS&I having not identified an account for Mr O can't categorically prove that it was closed. However, I'm also sure Mrs G understands that existence of the receipt, isn't proof that the account still exists. The receipt just shows that premium bonds were paid for. Following on from this, a certificate would have been issued by NS&I including a holder's number. The investigator is correct to say that this would provide some evidence of a live account as further transactions including closure would have led to updates up until 2011. I agree with the investigator that as the certificate can't be located, it was reasonable for NS&I to conclude that the account was closed, and the certificate destroyed as of no use.

I'm satisfied that the searches and checks NS&I has made to identify an account for Mr O are a fair and reasonable response to Mrs G's request and complaint. Consequently, I don't think it necessary to enquire into the skills of NS&I's technical team as she has suggested. To be clear, how businesses choose to operate and the systems and processes they have in place, in the absence of any unfairness to consumers, is not something we consider as part of a complaint, these are matters for the regulator, the Financial Conduct Authority. That also applies to the retention of business records.

Mrs G thinks that retaining records for only seven years can lead to a loss of customer rights. Mrs G may not be aware that this refers to closed accounts, not dormant or live accounts. If the late Mr O's account had not been closed it would not and should not have been removed from NS&I's system. The lack of any trace of the account is further evidence that the account was closed over seven years ago and no longer exists. I have thought about Mrs G's comments regarding potential criminal activity towards the deposit in 1986. This can't be proved and is just speculation, but the existence of the receipt she has provided would indicate that the funds weren't stolen or misapplied.

I can understand Mrs G's frustration that NS&I asked her for information she felt she had already provided in terms of an account number. However, it appears the account number on the receipt wouldn't match the numbers on the NS&I database due to the date the

certificate was purchased, and that the receipt was not issued by NS&I. I think the searches that NS&I carried out on name and date of birth would have offered greater accuracy. I take NS&I's requests for information from Mrs G to reflect its desire to complete thorough searches of its records.

Mrs G has said that NS&I should pay for the account unless it can prove beyond all reasonable doubt the account was closed. Mrs G has brought the complaint to us and so the responsibility to 'prove' what she has said about the missing account lies with her. I can see that she doesn't accept the information NS&I has provided, but she has no information about the ongoing existence of the account. And so it would not be fair for me to require NS&I to pay her the money she said was in the account. As regards the interest she is claiming it is worth noting that premium bond accounts do not accrue interest.

In conclusion, I think NS&I have followed its internal procedures fully in attempting to locate an account for Mr O and have provided sufficient evidence that the account isn't open or still on its database, and so I can't uphold this complaint.

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 the estate of Mr O to accept or reject my decision before 20 May 2024.

Andrew Fraser
Ombudsman