

The complaint

Mr H complains about multiple issues he has encountered with National Savings and Investments (NS&I).

What happened

Mr H had premium bonds with NS&I. In January 2023 he contacted NS&I and asked to close the account. He received a message shortly after to confirm that his premium bonds had been paid to his bank account, but he received no confirmation that the account was closed.

In August 2023, he received a letter from NS&I saying he had won a 2015 prize bond and the prize money had been credited to his current account. This took Mr H by surprise because he thought his account was closed.

In September 2023, Mr H called NS&I to discuss multiple issues. But he couldn't remember his personal password, so was unable to go any further with the call. He requested a new password but didn't receive any details on how he could get one.

Mr H was unhappy with all the above, so he complained. NS&I didn't think it had done anything wrong. It said that its privacy notice and terms and conditions explain that an account will remain 'open' for 7 years after all bonds have been withdrawn. It explained that this is so any retrospective prize winnings can be paid to a customer – which is what happened in August 2023. It said it overlooked Mr H's new password request, but it explained it has a set way of doing this and it cannot be done by post. It also said that because Mr H said he recorded the call in September, this was against its unreasonable behaviour policy and so it wouldn't be providing any comment on this call or corresponding with Mr H in future.

Mr H remained unhappy, so he brought his complaint to this service. One of our investigators considered the matter. They thought NS&I could've provided clearer guidance on several things, including explaining that the account couldn't be fully closed, explaining why Mr H had won a prize draw from 2015 and explaining how he could request a new password. He didn't think NS&I needed to respond to Mr H's concerns about the call on 4 September because he was satisfied NS&I had applied its own unreasonable behaviour policy – which he didn't think was unfair. Overall, he suggested NS&I pay £175 compensation to Mr H for the inconvenience and frustration caused.

Mr H accepted this, but NS&I disagreed. It thought it had provided adequate explanations to Mr H and so didn't think he'd been caused any distress and inconvenience because of its actions. Because an agreement couldn't be reached, the complaint has been passed to me to consider.

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've reached the same outcome as the investigator for broadly the same reasons.

For ease, I have broken down the complaint points into separate headings.

Closure of the account

Neither party is disputing that Mr H requested to close his account in January 2023. But, NS&I is saying that Mr H ought to have been aware that the account couldn't fully close in case there were retrospective winnings that needed to be applied to the account. It said that its privacy notice and the account terms and conditions explain that the account remains open for 7 years, for this reason.

I've reviewed the privacy notice and it says the following:

"Premium Bonds and the prize draw

We keep records of Premium Bonds holdings for longer than seven years. This is to allow us to reallocate prizes where we discover that one or more prizes paid out were not valid. This can happen, for example, when a Bond holder dies but no one tells us"

This clearly explains that NS&I keeps a record of premium bond holdings for seven years or longer, but it doesn't explain that the account is not 'closed' because of this.

I've reviewed the correspondence that Mr H sent and I'm satisfied that when he requested the closure of the account, he wanted to end the relationship with NS&I. I understand he withdrew all funds from his account in previous years, and so should've been aware that the account becomes a 'holding' account. But I think this time round he didn't want this, he wanted to cease all interactions with NS&I.

NS&I has shown the text message that was sent to Mr H when he requested closure of the account. This explains that all his funds had been withdrawn and paid to his bank account. There is no mention of the 'holding' account, or that Mr H's account wasn't fully closed. I think NS&I should've written to Mr H and explained that as per the privacy notice the account funds had been withdrawn, but the holding account remained 'open' for seven years or more.

By not doing this, Mr H was confused about the status of his account and it meant he had to get in touch with NS&I several times to try and find out what was going on.

Prize winnings from 2015

Mr H received a letter in August 2023 which explained he'd won a prize bond from 2015. This confused him because he thought his account was closed and he didn't understand why he could win something from so long ago.

The privacy notice above explains why this might happen, and NS&I has provided a further explanation. It has said that if a prize is not claimed by someone, its reallocated to a customer from the reserve list. In this instance, Mr H was on the reserve list and the winning bond was re-allocated to him.

This explains why Mr H was sent the letter in August 2023. Therefore, I'm satisfied NS&I were entitled to write to Mr H to explain he'd won the prize – but I do think it would've been helpful for it to amend its letter to explain why it was writing to him and why the winning bond was from so long ago.

Instead, the letter caused Mr H further frustration and worry.

Password request

To discuss his account Mr H required a personal password. When Mr H called NS&I in early September, he couldn't remember his password which meant he wasn't able to discuss his account in detail. Following this, Mr H wrote to NS&I and asked for confirmation of his password.

NS&I have explained that it wouldn't confirm a password to a customer, it would need to reset it. It's explained there is a set process Mr H must follow and this must be done online. It's acknowledged that it overlooked Mr H's request to reset his password in his letters and it apologised.

I accept there is a set process to reset a password, I think this is reasonable. But, I think NS&I caused a delay in explaining this to Mr H. This meant he continued to write to NS&I requesting his password, without any knowledge of how he needed to reset it. So, I think NS&I caused him some further inconvenience.

Call on 4 September 2023

I've listened to the call on 4 September 2023, this wasn't a helpful or productive call on both sides.

I note that NS&I told Mr H in August that it's general enquiry line would no longer communicate with him about his account, this is because it says he was acting unreasonably – writing to NS&I an inordinate amount of times and not treating staff with respect.

I've reviewed NS&I's unreasonable behaviour policy and its letter to Mr H. I'm satisfied NS&I applied it fairly and clearly explained why it was taking this action. So, I don't think it needs to do anything different here.

I can also see that part of the policy is that a customer must make NS&I aware if it is recording a telephone call. Mr H didn't do this when he called on 4 September.

Given that NS&I already said it was limiting its contact with Mr H, I don't think it was unreasonable for it to say that it didn't want to respond to Mr H about his concerns with the telephone call.

Putting things right

It's clear that the relationship between NS&I and Mr H has completely broken down. I don't think NS&I is going to be able to provide the level of service Mr H is expecting. But I do also agree that there have been occasions where the information it has provided to Mr H could've been clearer. This has caused Mr H to become very frustrated and confused about his account. Taking everything into account, I think £175 compensation is fair compensation for the distress and inconvenience this has caused.

My final decision

For the reasons I've explained above, I uphold this complaint. National Savings and Investments should pay Mr H £175 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 April 2024.

Rachel Killian
Ombudsman