

The complaint

Mr E complains that National Savings and Investments gave him incorrect information regarding his accounts.

What happened

Mr E is represented by M, who are his solicitors. For ease, I've referred to statements made by M as being made by Mr E.

The details of the complaint are well known to both parties, so I won't repeat them all again here.

In summary, when updating Mr E's address on its systems, NS&I inadvertently updated the records for a different customer with a similar name. It subsequently sent Mr E correspondence relating to this consumer's premium bond holdings in error and provided Mr E with misleading information regarding the balance in his account.

Mr E contacted NS&I when he couldn't access what he believed was his account to make a withdrawal request. He said he spoke to several advisors and was initially told he had approximately £6,000 in premium bonds, but an advisor also told him he actually had £25,000. Mr E requested to withdraw £5,000, but his request was rejected. NS&I explained that the account in question related to a different customer, and it said Mr E didn't have any premium bonds in his name.

Mr E said he spent over 23 hours on the phone trying to resolve the matter. He complained to NS&I about the service he had received. NS&I apologised for the mistakes that had been made, and it offered him £75 compensation.

Mr E didn't accept NS&I's offer and brought his complaint to our service. NS&I has since said Mr E did have a £5 premium bond that had been set up by his mother, and he also had an investment account with a balance of approximately £39. It said that while it was correct that Mr E is not the rightful owner of the bonds he thought were his, it recognised it had not fully addressed the reasons for the errors which led him to believe this, and it offered to pay Mr E £200 compensation.

Our investigator thought the £200 offered was fair to apologise for the poor customer service Mr E experienced. Mr E doesn't agree, he says the impact on his mental health hasn't been taken into consideration and he says he is willing to accept a compensation payment of £2,000 to reflect the strain cause to his mental health and the ongoing anxiety and distrust it has caused him to feel towards financial institutions.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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 come to the same outcome as our investigator and for similar reasons.

Firstly, I want to clarify that I've taken into account Mr E's detailed submissions about what happened. However, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. Rather, I've focussed on explaining what is key to my decision.

The facts of this case are not in dispute and NS&I accepts there were mistakes made. So, what I need to consider is whether it has done enough to put things right and ultimately if its offer of £200 compensation is fair.

When things go wrong, we expect a business to put them right, and usually ask it to put the consumer back in the position they would have been in had the error not occurred. It must therefore ensure the consumer hasn't lost out financially. And address any practical or emotional impact the error has had on them.

I accept that due to errors made by NS&I, Mr E was under the impression he had over £6,000 worth of premium bonds. But as the account did not belong to him and he did not invest any of his own money into buying these bonds, I'm satisfied Mr E hasn't lost out financially because of what happened. Therefore, I can't fairly expect NS&I to pay Mr E this money or any part of it.

I have then gone on to consider the practical and emotional impact of the error. I appreciate that Mr E was told that he had £25,000 in premium bonds. Considering the correspondence he received over the years suggested he had approximately £6,000 in premium bonds, and Mr E had not invested any additional funds in the account, I think this ought to have raised some questions for him.

However, regardless of whether he thought he had £6,000 or £25,000 in bonds, I think it would have been upsetting to find out he had been given incorrect information and the account did not belong to him. While Mr E hasn't lost out financially from the mistakes, there was a loss of expectation and I think its clear this process has been distressing for him. It took NS&I several months to identify the error and to inform Mr E that the bond holdings did not belong to him.

It also took a number of months to trace Mr E's premium bond and his investment account, after repeatedly telling him there were no bonds in his name. Taking into account the length of time and the effort required from Mr E to get clarity and to rectify the matter, I can understand his frustrations here.

I also don't think it is unreasonable that Mr E might have doubts about the information that's been provided regarding the value of the bonds in his name, considering the error and misinformation he received. However, NS&I provided evidence of the records it holds for Mr E and screenshots to show it searched for all funds belonging to him. I'm satisfied, NS&I has done all I could reasonably expect to locate all premium bonds in Mr E's name.

I know this will come as a disappointment to Mr E and I appreciate that it what have been difficult to learn that the value of bonds and money held in his investment account was significantly less than he expected. I don't doubt that this will have caused be great deal of upset. I find the £200 NS&I offered fair and it is in line with what I would have awarded in the circumstances.

My final decision

National Savings and Investments has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that National Savings and Investments should pay £200 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 17 September 2024.

Oluwatobi Balogun
Ombudsman