

The complaint

Mr M complains that his account with National Savings and Investments (“NS&I”) was suspended after failing to answer his account security questions correctly. Mr M is particularly unhappy NS&I didn’t warn him it was his last attempt to get the answers right before it suspended his account.

What happened

Mr M holds a cash ISA with NS&I set up in 2006. NS&I say at the time Mr M set up his account he would’ve had to also set security questions on the account and that it is possible to change what questions are asked once logged in online.

Mr M wished to invest some of the funds from his ISA into his premium bond account. On 16 November Mr M logged into his account and added a bank account to his list but failed to provide the correct answers to the security questions on five occasions when trying to make a withdrawal and so wasn’t able to transact and his account was locked without warning.

NS&I issued a temporary password which was sent by post the following day and Mr M was able to successfully access his account on 24 November, change his security questions and reinvest the funds he wished into his premium bond account.

Mr M complained to NS&I about this as he believes that NS&I should warn a customer when they are on their last attempt to correctly answer the security questions. NS&I didn’t uphold Mr M’s complaint as it couldn’t see any wrongdoing on its behalf.

Mr M was dissatisfied with this, he says it is incorrect for NS&I to say his account was blocked due to a failed login attempt as he was already logged in when his account was suspended and rather the account was suspended because of failed security question answer attempts to withdraw funds. Mr M brought his complaint to this service.

NS&I have explained that when an account is set up online a customer is informed they have five attempts to log in by providing the correct password or provide the correct answers to the customers security questions before a password is suspended and that it’d increased the number of attempts from three to five following customer feedback.

NS&I have confirmed that the answers to security questions need to be entered in the same way as when they were set up by the customer and are case sensitive. It says that for security reasons its systems warn customers just once how many attempts they have before being locked out and doesn’t warn the customer that this is the last attempt.

One of our investigator’s looked into Mr M’s concerns and acknowledged that NS&I had been incorrect in saying his account was suspended because he failed to login successfully, but overall didn’t think this would’ve made a difference to the outcome or that Mr M had any confusion regarding why his account was locked. They thought balanced with NS&I’s need to protect its customers against fraud that it had provided reasonable warning about how many attempts Mr M had left and that it was fair to present security questions in pairs as NS&I allow its customers to set those questions.

Furthermore, they thought NS&I acted promptly to arrange a temporary password and didn't think the 8-day delivery time was unreasonable.

Mr M disagreed, he doesn't believe it was appropriate to suspend all access to his account for failing to verify a savings account withdrawal and says NS&I's website gives inconsistent feedback to the user, as he recalls that NS&I's website did give the number of attempts left at each point down to the last attempt. Mr M has asked for an ombudsman's 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.

I hope that Mr M won't take it as a discourtesy that I've condensed his complaint in the way that I have. I want to assure him I have considered all the information he has provided, along with NS&I to this service. Ours is an informal dispute resolution service and I've concentrated on what I consider to be the crux of the complaint – our rules allow me to do that.

And the crux of Mr M's complaint is that NS&I locked him out of his account with no warning when he failed to correctly input the answers to his security questions.

It might be helpful for me to say here that, as we are not the regulator, I cannot make NS&I change its policies or procedures – such as when or how it invokes fraud prevention measures when it has concerns about activity on an account. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at problems that Mr M has experienced and see if NS&I has done anything wrong or treated Mr M unfairly. If it has, I'd seek to put Mr M back in the position he would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

So the question I have to ask here is are the security measures NS&I had in place reasonable and applied fairly.

And having considered everything I think they were. As I've already explained above it's not for me to tell NS&I how to run its business, but I would expect NS&I to have systems and procedures in place to protect it and its customers against fraud – and I think Mr M would agree and understand that.

Mr M says it was unfair that he was given no warning that he was on his last attempt at inputting the answers to his security questions. NS&I say that for security reasons its systems warn customers just once how many attempts they have before being locked out and doesn't warn the customer that an attempt is their last. For security reasons, I think this is reasonable and given the relatively short amount of time it takes to make a transaction, I don't think it unfair to expect a customer to remember how many attempts they have left once the warning has been given.

Mr M says NS&I are inconsistent when it says its system doesn't tell the customer how many attempts they have left before being locked out or prompt them that this is the last attempt, as he recalls its website gave the number of attempts left at each point. But I haven't seen any evidence that this is what happens.

All I've seen is a screenshot Mr M has provided of a warning stating at least one of the answers were incorrect and how many attempts are remaining - *not* that the customer gets

this warning with every attempt. Nor have NS&I said at what point does the customer get a warning. In any case even if Mr M did get a warning with each attempt, I don't think it would change the outcome of what happened – as even with a warning it seems Mr M was still unable to remember and input the correct answers to the security questions on five occasions and so his account was locked.

I understand that the security questions are given in pairs and that they can change with every attempt – but I don't think this is unfair as doing this I think enhances security and the answers are to questions the customer has set themselves and should be known.

I appreciate Mr M believed by logging in later he'd get a further five attempts, but I've not seen that NS&I have stated this anywhere. And by allowing this I think it could weaken security on the account as it would allow someone to potentially have unlimited attempts to fraudulently gain access to funds by merely allowing some time to pass between attempts.

Mr M doesn't think it was appropriate to suspend all account activity considering that it was a savings account withdrawal, but I disagree. Regardless of what he was trying to do he was unable to correctly input the answers to security questions he'd set which meant he'd failed security and from NS&I's perspective the account was potentially compromised. And so in this situation NS&I took what I think is reasonable action by locking Mr M's account until it could ensure the security of the account by issuing another password.

I accept having to wait 8 days for a temporary password was an inconvenience for Mr M, but ultimately the reason Mr M was locked out of his account was due to a mistake on his part which one wouldn't expect to happen frequently. Indeed, I'm not aware of this being a regular event for Mr M and note he was able to change his security questions when he logged in again on 24 November. And sometimes life requires one to spend time dealing with personal administrative matters – such as here.

Furthermore, NS&I systems did promptly order a new password as soon as its security system recognised a security failing and from what I understand this being an ISA rather than Mr M's everyday current account Mr M wasn't in urgent need of these funds for day to day living and was still able to invest in the premium bonds within the timescale needed.

So, as I don't think the security systems NS&I has in place are unreasonable or have been applied unfairly and I can't see it has made a mistake, it follows that I do not uphold Mr M's complaint.

My final decision

For the reasons I've explained, I do not uphold Mr M's complaint.

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

Caroline Davies
Ombudsman