

The complaint

Mr B complains that National Savings and Investments ('NS&I') failed to do enough to highlight changed terms before he was automatically enrolled into a new bond for a fixed five-year term.

To put things right, Mr B wants NS&I to agree to early withdrawal of his money from the bond.

What happened

Mr B holds an NS&I five-year fixed term Guarantee Growth Bond purchased in September 2020. He wants to close the bond so he can seek a better rate of interest elsewhere, but the bond terms & conditions do not allow access until maturity in September 2025.

Before enrolling him in this bond, NS&I sent Mr B the following communications:

- 14 August 2020 - an email informing him that his existing bonds were due to mature and that NS&I would contact him about this.
- 18 August 2020 - around 30 days before the maturity date, NS&I sent a letter by post to Mr B at his registered address. This letter gave him the option of renewing for another five-year term or renewing for a different term length – or the bond could be cashed in. Set out in a separate box, the letter also included the following information:

'We've made an important change to NS&I Guaranteed Growth Bonds

If you decide to renew or buy a new Bond, you won't be able to cash it in before the new maturity date – you'll need to hold the Bond for the full term.

We have also given you the right to cancel within 30 days.'

The letter also explained that if NS&I didn't hear from Mr B before the deadline – 3pm on 21 September 2020 – then it would renew the bond automatically.

- 9 September 2020 – NS&I sent a reminder email to Mr B at his registered email address telling him that it would need to receive any instructions at least 2 working days before maturity and he would need to hold the new bonds for the full term.
- 23 September 2020 – in the absence of any instructions from Mr B, NS&I automatically renewed his bond for a further five-year term. The same day, NS&I sent him a maturity statement by post, which explained his right to cancel.

No further communication was received from Mr B at the time.

Some three years later, Mr B emailed NS&I to complain that he hadn't been given adequate warning about the substantive change in the bond terms and conditions which prevented him making early withdrawal of the money invested in the bond.

NS&I didn't uphold the complaint. It mainly said that:

- From 1 May 2019, customers opening new Guaranteed Growth Bonds, or reinvesting into the same or a different term, have been unable to withdraw early.
- Its records showed NS&I sent Mr B communications that clearly stated he would be unable to withdraw from his Guaranteed Growth Bonds before the maturity date.
- Mr B's Bonds mature in September 2025.
- NS&I said it was prepared to consider cash in requests on a case by case basis if there were special circumstances such as not receiving the maturity letter.

A further exchange followed but, when Mr B wasn't able to resolve the complaint direct with NS&I, one of our investigators looked into what happened.

Our investigator didn't feel he'd seen enough to uphold Mr B's complaint. In summary, the investigator thought NS&I had taken reasonable steps to contact Mr B about the bond renewal process and given due notice of the change in terms. He said NS&I had sent letters to Mr B at the correct address and wasn't responsible if Mr B hadn't received post addressed to him.

Mr B disagreed, mainly saying that:

- NS&I had automatically rolled his maturing five-year Guaranteed Growth Bond into another five-year bond with exactly the same brand name but materially different terms and conditions, without any action or authorisation.
- Mr B had been investing in Guaranteed Growth Bond products for around twelve years and previously they offered a right of early withdrawal – so he reasonably expected this issue included the same option. Mr B put things this way: '...it was contrary to expectations that I would check the new bonds key features closely. After all it bore the same name as all the bonds I'd invested in for years.'
- Mr B acknowledged that he'd received NS&I's email sent on 9 September 2020 but said this was 'more opaque' than its letter dated 18 August 2020 – which he hadn't received. And he said it wasn't enough for NS&I to show it had sent the letter – the removal of the right to early withdrawal was so significant a change to the bond terms that NS&I should have required active acknowledgement.

Our investigator wasn't persuaded to change his view, saying that NS&I wasn't required to get active acceptance when making changes or enrolling customers into a new bond.

Mr B has requested an ombudsman review and so the complaint has come to me for a final 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've carried out an independent review and having done so, I've reached the same conclusion as our investigator. I am satisfied that NS&I has done everything I would reasonably expect it to do here and treated Mr B in a fair and reasonable way. I'll explain my approach and how I've reached my decision.

It's part of my role to identify and concentrate on the core issues I need to address to reach a fair outcome. This means I won't necessarily mention everything that Mr B has brought to my attention, especially where there's nothing I can usefully add to what the investigator has said already. But I will comment on everything that makes a difference to the outcome of the complaint.

Mr B is a long-standing NS&I customer. Crucially from Mr B's point of view, the bonds he held previously allowed him to make early withdrawal from the product. He assumed that the bond would be renewed on the same terms. So I can appreciate Mr B's frustration. But NS&I was entitled to change the terms of its new bond offering. This doesn't seem to be a point of dispute, so I don't need to say more about this. I will focus in my decision on whether NS&I treated Mr B in a way that was fair and reasonable when it did so.

NS&I has shown that it contacted Mr B in good time before the maturity date to remind him that he needed to make a choice about the maturing bond funds. I'm sorry to see Mr B says that he didn't receive the letter NS&I then sent him on 18 August 2020 because this letter highlighted information about the change to the previous bond terms. But that's not a reason for me to uphold this complaint. I've seen NS&I's system notes and evidence from its records indicates that it posted the above letter to Mr B. The address NS&I holds on record for Mr B is his correct address. And I understand that his communication preference was to receive paper documents. So, I find that NS&I has done what Mr B was reasonably entitled to expect it to do. I can't fairly hold NS&I responsible for any possible problems with postal deliveries.

In any event, NS&I followed up this letter with an email sent on 9 September 2020 – which it seems Mr B did receive and was able to read. I think it's fair to say that the email wasn't as detailed as the letter NS&I sent about this, but I am satisfied that all the key information Mr B needed to know was included in the email, as follows:

'...We contacted you a couple of weeks ago to explain your options.'

Mr B could've seen from this that it looked like he had missed out on some information NS&I had sent previously. We expect consumers to take reasonable steps themselves to limit the impact of things going wrong. To be fair to both sides, I have to bear in mind that if he'd followed this up with NS&I, I think it's likely that NS&I could have sent him a copy of the missing letter – possibly by email to avoid delay and any further delivery issues.

The email also included information alerting Mr B to the fact that the new bond didn't include any provision for early withdrawal, as follows:

'...We've made an important change to NS&I Guaranteed Growth Bonds.

If you decide to renew your Bond, you won't be able to cash it in before the maturity date - you'll need to hold the Bond for the full term.'

I accept that the information wasn't highlighted in bold text in a separate box, as it had been in the letter. But I consider it was clearly set out and not misleading in any respect and it's reasonable to expect that Mr B would've seen and understood the contents.

Even if he'd missed this information at the time, he could have cancelled his automatic enrolment in the new bond if it wasn't what he had wanted. When he received the maturity statement confirming his new bond, he was offered a 30-day cooling off period. I think that gave Mr B a fair and reasonable opportunity to check the bond terms and decide if this product was right for him.

NS&I also included the following information:

‘This will be your only opportunity to cancel - after the cancellation period you won't be able to access your money until the end of the investment term.’

On balance, looked at overall, I am satisfied that NS&I took reasonable steps to ensure Mr B's attention was drawn to the renewal process and the changed term that meant early withdrawal was no longer an option. And I consider NS&I gave Mr B sufficient opportunity to do something different with his investment if he didn't want his money tied up for the whole of the five-year fixed term.

After taking into account everything that Mr B and NS&I have told me, I haven't seen enough to show that NS&I did anything wrong or that it treated Mr B in a way that wasn't fair and reasonable. So I can't uphold this complaint.

I hope that setting things out as I've done helps explain how I've reached my conclusions and even though this isn't the outcome Mr B hoped for, he will at least feel that the Financial Ombudsman Service has fully considered the complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 August 2024.

Susan Webb
Ombudsman