

## The complaint

Mrs W complains about the way National Savings and Investments (NS&I) dealt with her application for additional premium bonds.

## What happened

In November 2023, Mrs W sent NS&I a premium bond application form together with a cheque for £15,000 to purchase premium bonds to the value of £15,000 in addition to her existing holding. She asked NS&I to send her written confirmation of her new balance. In her covering letter, she asked NS&I to allow her son to deal with her premium bond holding in line with the Lasting Power of Attorney (LPOA) form which she attached.

NS&I replied to Mrs W to say she had sent incomplete documentation. It asked for the original certified Power of Attorney for registration.

On 31 January 2024 Mrs W wrote to NS&I to say she'd not had a notification of her premium bonds balance for a while. She asked for one by return and pointed out that NS&I had not replied to her November 2023 request for a balance.

On 7 February 2024 NS&I sent Mrs W a letter saying that her premium bond holding was £20,000. She replied on 20 February 2024 to say that this was incorrect as it did not include her November 2023 application for an additional £15,000 bond allocation. NS&I had cashed her cheque and her bank account had been debited on 8 November 2023. She asked NS&I what it had done with her money and for confirmation that the additional bonds had been entered into the January and February 2024 draws.

On 28 February 2024 NS&I sent Mrs W a letter to show the additional £15,000 had been added to her premium bond holding.

On 7 March 2024 NS&I wrote to Mrs W saying it had not upheld her "*complaint*". It said it had promptly cashed her £15,000 cheque. But Mrs W had not provided all the pages for the LPOA and it needed all of them. NS&I said that when it received the LPOA it put a security marker on her investment to prevent both an attorney (her son) and donor (Mrs W) from managing the account simultaneously. NS&I said it did this to secure the holding, but the original purchase date still applied to the bonds so they were placed into the draws. On receipt of her 20 February 2024 letter, NS&I said it had allocated her £15,000 to her premium bond holding and removed the security marker.

Mrs W replied to say that she'd not made a complaint in her earlier letter but was doing so now. She said NS&I had led her to believe her £15,000 investment had been misappropriated. It had not explained it had been waiting for the LPOA form. Had it done so she'd have taken earlier action. She'd waited almost three months without NS&I confirming her new balance and, after she'd chased this, she'd been told £20,000 in error. NS&I had caused her anxiety and fear and her bank couldn't immediately confirm the cheque's payee.

On 24 April 2024 NS&I wrote to Mrs W again. It sent a screenshot showing the date of issue of her bonds was 7 November 2023 and explained the draw process. It said the £15,000

bonds were not successful in winning any prizes while they were held in a secure holding in January and February 2024. It said she could contact the Government Actuary's Department (GAD) for reassurance. But NS&I partly upheld her complaint because the letter it sent her on 7 February 2024 did not include the £15,000 held in the secure holding. By way of apology NS&I said it would pay £75 compensation to Mrs W's nominated bank account.

Mrs W was not satisfied with NS&I's response to her complaint and came to us. In summary, she said NS&I had:

1. Failed to provide written confirmation of her £15,000 investment in November 2023 when requested and in contravention of NS&I's terms and conditions.
2. Provided an incorrect statement of her premium bonds account balance when requested a second time – implying £15,000 was missing.
3. Failed to enter her £15,000 bonds in the January and February 2024 draws.
4. Provided unsatisfactory explanations to her points 1 to 3 in its letters of 7 March and 24 April 2024.

Mrs W said NS&I had caused her “*substantial stress*” for points 1, 3 and 4 and “*unbearable distress*” for point 2. She requested £8,000 compensation for the lost opportunity to win prizes in the January and February 2024 draws. She requested compensation of £2,200 for her substantial stress, upset and worry. She said the £75 compensation was “*antagonistic and disgraceful*” and referred to what she considered to be NS&I's “*callous treatment of old and vulnerable consumers*.”

Our Investigator upheld the complaint in part. In summary, he thought NS&I should have confirmed Mrs W's correct holding earlier and have explained about putting the £15,000 into a secure holding. He recommended NS&I pay Mrs W £50 compensation in addition to the £75 it had already paid to her. Ultimately he concluded that NS&I had provided sufficient evidence (which he shared with Mrs W) that the £15,000 bonds had been included in the January and February 2024 prize draws. So he did not recommend compensation for any lost opportunity to win a prize.

Mrs W thought our Investigator had misjudged and underestimated the amount of her distress. She accepted some fault for not replying to NS&I with the complete LPOA form and reduced her compensation request to £1,700. She had contacted the GAD as NS&I had suggested, but that did not help as the GAD told her it could not assess whether her bonds had been properly entered into the draws. NS&I should have known that when it referred her to the GAD.

I reviewed the complaint and issued a provisional decision setting out how I thought the complaint should be fairly resolved. I said:

*“I've summarised the arguments above, but I would like to reassure the parties that I have read and considered all the evidence that has been submitted. Having done so, I uphold this complaint in part. I am minded to require NS&I to increase the compensation to Mrs W but not to the extent that she has requested. I will explain my reasons and in doing so will focus on the issues that I consider to be central to this dispute.*

*The administration of the £15,000 premium bond application*

*NS&I has explained that it placed Mrs W's additional £15,000 holding in a secure holding to prevent both her and her son from simultaneously administering her NS&I account in the period it waited for the LPOA paperwork.*

*Mrs W accepts that she did not respond to NS&I with the correct paperwork. But equally I note that NS&I did not send Mrs W a reminder letter or explain the consequences of not*

returning the paperwork. NS&I did not confirm the value of Mrs W's total premium bond holding as she had requested. It did not explain to her that it had placed her £15,000 in a secure account until after she'd contacted it about the incorrect 7 February 2024 statement. Overall, I think NS&I's administration of Mrs W's bond application was poor.

I think that NS&I could reasonably have foreseen that its failure to confirm the correct holding or to explain the reason the £15,000 was placed in a secure holding would cause Mrs W some material distress and inconvenience. It was aware that she was an older, vulnerable consumer and she had explained the money represented her life savings. I've read Mrs W's comments about how she was affected and I think NS&I should compensate her for her distress and inconvenience. I've given careful thought to the amount I think is fair and reasonable.

Having done so, and subject to any comments I receive from the parties in response to this provisional decision I assess fair compensation to be £400 (in addition to the £75 NS&I has already paid to Mrs W). I will explain why.

I think NS&I should have confirmed receipt of Mrs W's cheque for £15,000 and her correct holding as she had requested. That said, Mrs W was aware that NS&I had received her November 2023 letter which had enclosed both the £15,000 additional premium bond application and the LPOA. NS&I replied to her letter and she was aware that her £15,000 cheque had been debited to her bank account.

I've not seen any evidence to suggest that Mrs W was concerned her money had gone missing until after she had received the incorrect bond statement NS&I sent to her on 7 February 2024. I can't see she had contacted NS&I in the interim period, except to update NS&I with her change of address in January 2024. Her 31 January 2024 letter to NS&I said that she'd not had a notification of her premium bonds balance for a while having asked for one in November 2023 without a response. There is nothing in that letter to suggest she was worried her money had gone missing.

But I do think that Mrs W was understandably worried, distressed and alarmed when NS&I's 7 February 2024 statement showed only a £20,000 holding. She raised this by letter on 20 February 2024. NS&I received her letter on 23 February 2024 and responded reasonably promptly to her on 28 February 2024 with a statement showing the correct balance. But I accept that she had three weeks of unnecessary worry.

NS&I issued its final response letter reasonably promptly and explained why her £15,000 bonds were not showing on the 7 February 2024 statement. It should have sent its second response of 24 April 2024 earlier than it did. I think NS&I should also have explained to Mrs W that the GAD couldn't confirm that her bonds had been entered in the relevant prize draws, which would have saved her time contacting the GAD about this.

I've taken into account that NS&I was aware Mrs W was an older, vulnerable person having earlier told NS&I she wanted her son to manage her NS&I account. But I'm not persuaded that I can fairly award compensation at the level Mrs W has requested. In my opinion, an amount of £400 is fair in the overall and specific circumstances of this complaint, in addition to the £75 it has already paid to her. If Mrs W didn't receive the £75 from NS&I she should let me know in response to this provisional decision.

*The prize draws*

I have considered Mrs W's concern that NS&I did not include her £15,000 bonds in the January and February 2024 prize draw. But NS&I has provided evidence to show the

*£15,000 premium bonds in Mrs W's premium bond account holding with the correct issue date of 7 November 2023.*

*NS&I says that Mrs W's bonds were not successful in winning any prizes in prize draws while the bonds were held in secure holding in January and February 2024. I've no reason to believe that's not correct given NS&I's evidence showing the correct issue date on Mrs W's bond holding.*

*Mrs W suggests that her bond numbers might have been deemed ineligible because they were held in a secure holding, but I'm not satisfied there's any evidence that was the case. Because of this I don't think Mrs W's premium bonds were left out of the January and February 2024 draws. So I don't intend to make any award for her claim of a lost opportunity to win a prize in those draws.*

*Mrs W's wider concern*

*I understand Mrs W has a wider concern about NS&I's treatment of older consumers who operate their accounts by post. But I can consider only Mrs W's individual complaint to this Service so I won't make any findings on that wider issue."*

### **Responses to my provisional decision**

Mrs W responded to thank me for my decision. She had no further evidence or information to submit and she said, in summary that:

1. For the administration of the £15,000 premium bond application, she was disappointed with my proposed award of £400 but she said that I had better appreciated the anguish she had suffered over many months. As such, she would receive something tangible in recognition.
2. She does not accept NS&I's "*paltry*" evidence as proof that her bonds were entered into the eligible draws. She considers it inconceivable that a block of 15,000 bonds would not win any prizes from January to June 2024. She will approach the National Audit Office on this matter and reluctantly accepts that I am unwilling to order a compensation payment.

NS&I responded to say that:

- It accepts the points being made but disputes that its failings represented such a high award for distress and inconvenience. My proposed award appeared to be based on Mrs W's description of her serious distress. She didn't raise a concern until February 2024 and NS&I was then able to reassure her quite quickly.
- Mrs W didn't provide the full LPOA document for a considerable time and "*she must have been aware*" that not providing this document may have been connected to the reason NS&I didn't apply the new purchase to her holding.
- It thinks additional compensation of £225 (to make a total of £300) would be more appropriate and in line with amounts it usually approves for "*extreme*" distress.

### **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 considered all the comments that I've received in response to my provisional decision. Having done so, I uphold this complaint in part and I remain of the view that £400 additional

compensation is fair. I'll explain my reasons, focusing on the additional points that I've received.

I've noted NS&I's comments about its usual compensation payments. We have our own approach to compensation and I don't consider its proposed payment goes far enough here.

I consider £400 to be fair and reasonable because I consider NS&I's handling of Mrs W's bond application and its response to her complaint to have caused her considerable distress, upset and worry as I've already outlined in my provisional decision.

I think it is important to mention again that Mrs W is an older consumer who had made NS&I aware of her intention to ask her son to assist her by way of an LPOA. Mrs W herself accepted that she could have followed up NS&I's request for the additional paperwork. But NS&I was the expert here and it knew it was dealing with a consumer with characteristics of vulnerability. It could simply have explained to Mrs W the consequences of not returning the paperwork, either in its original letter or in a follow up letter.

Mrs W did not realise that her bonds had been placed in a holding account because NS&I did not tell her. I accept her evidence that she was shocked and distressed when NS&I sent her a statement of her holdings which was £15,000 lower than it should have been. It was a substantial amount and represented a large proportion of her savings with NS&I. So I think there was a considerable impact on Mrs W even though NS&I then corrected the statement reasonably quickly.

In addition to a delay in providing its response to Mrs W's concerns, NS&I could have explained to Mrs W that the GAD could not confirm that her bonds had been entered into the draw. She was put to further unnecessary time and trouble referring her concerns to the GAD.

I've also noted Mrs W's comments about NS&I's evidence and that her £15,000 in bonds did not win any prizes. As she accepts, I do not intend to make any award here given NS&I's evidence showing the date on the bonds. I've not seen any evidence to suggest the bonds were left out of the draw while they were in the secure holding.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I require National Savings and Investments to pay Mrs W £400 compensation for her distress and inconvenience in addition to the £75 it has already paid to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 4 November 2024.

Amanda Maycock  
**Ombudsman**