

The complaint

Mr O complains that National Savings and Investments (“NS&I”) gave incorrect advice causing loss of interest, delays and distress.

What happened

Mr O’s son, Mr C, says, on behalf of Mr O, that he has had a Lasting Power of Attorney (LPA) for his father’s affairs since he suffered ill-health in August 2023. Mr C says NS&I gave him incorrect advice on how to activate the LPA and, as a result he had to withdraw £60,000 from his father’s investment ISA to pay care home fees. He adds that it also failed to act on instructions not to reinvest a maturing savings account. Mr C says NS&I has upheld his complaint and paid compensation for the distress and wasted time and, he says, it agreed to pay the interest his father lost once it received documentary evidence. Mr C says that, although this evidence was provided in April 2024, NS&I has yet to make the payment.

NS&I accepts that it failed to adequately explain why initially it set up Mr C’s mother, rather than Mr C himself, as the LPA. NS&I also accepts that it failed to process the request to stop an account automatically rolling over at maturity. It acknowledges that it gave Mr C incorrect information about needing to have his mother present when he called and paid Mr C £250 for this and the delays. NS&I said it would consider reimbursement of the lost interest once it received evidence.

Our investigator recommended the complaint should be upheld in part. She wasn’t satisfied that NS&I’s actions caused Mr C to withdraw the £60,000 but considered £400 was fairer compensation for the distress and inconvenience caused.

NS&I agreed to pay the additional £150.

Mr C responded to say, in summary, that NS&I had already agreed to pay lost interest and it was now a question of how much. He says the key delay was a lack of clarity from NS&I about what it needed to act on his instructions. Mr C adds that the amount of money in the maturing NS&I account was irrelevant as he was intending to use other NS&I accounts first.

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.

On 28 November 2023, NS&I sent Mr O a letter to tell him his Savings Certificate was maturing and he needed to let them know what he wanted to do by 29 December. The letter said that Mr O could cash in the account by going online or by filling in the attached form.

NS&I says it received a copy of Mr O's LPA on 11 December 2023 and acknowledged that the covering letter contained instructions to activate the LPA and not to re-invest the money from the maturing account, but to put it in an instant access account.

On 14 December 2023, NS&I confirmed to Mr O's wife that the LPA had been set up for her on all Mr O's accounts and it also enclosed a form to cash-in the savings account.

Mr C called NS&I on 28 December 2023 to complain that he didn't have an LPA on his father's accounts, as requested in the letter. NS&I then advised him that his mother needed to be available to enable him to have the conversation, so he drove an hour to her house. Following a further long conversation on the phone with NS&I, it then became apparent that his mother's presence was not, in fact, required.

NS&I explained that Mr C had not been listed as an LPA on his father's accounts, because he was only listed as a replacement attorney, and he'd need the form stamped by the Office of the Public Guardian before the changes could be actioned. NS&I said Mr C had already been made aware of that by another bank and, in fact, I note that his amended LPA was certified by a solicitor on 15 December 2023.

On 2 January 2024, NS&I confirmed to Mr C in writing that it would need to see the amended LPA.

Then, on 3 January 2024, the savings account was automatically renewed as NS&I did not receive a completed form with instructions – although there was a 30-day cooling off period.

Mr C withdrew £60,000 from Mr O's stocks and shares ISA with another bank on 16 January 2024. He said he needed the money for care home fees for his father and could not access his money from NS&I at the time. Although he accepted that his mother was an LPA on the accounts, and NS&I has confirmed there was money available in instant access accounts, Mr C explained that his mother was not in a position to be able to action the transactions.

NS&I received the amended LPA one week later and confirmed it had been actioned on 25 January 2024.

I can see NS&I responded to Mr C's complaint on 19 January 2024 and explained why he had not been set up as an LPA initially. It did accept, however, that it could have been clearer in explaining the situation at the time and also that it should have outlined the required process for the maturing account. NS&I paid Mr C £250 for this and the incorrect information he received about needing to be with his mother when he called.

Following this, I've seen that, on 9 April 2024, Mr C sent the evidence NS&I requested regarding the £60,000 withdrawal. However, he heard nothing back from NS&I so he called again on 7 May querying this and the fact that his mother had received no response to her own complaint that she'd sent in January. I can see that Mr C was told that the complaint handler had changed, but continued to receive poor customer service, including not receiving promised calls.

Based on everything I've seen, I can't conclude that NS&I was directly responsible for Mr C's decision to withdraw £60,000 from his father's alternative account. I say that because:

- It is apparent that Mr C knew on, or before, 15 December 2023, that the original LPA would not be sufficient for NS&I to add him to his father's accounts;
- I can't agree that there was a lack of clarity from NS&I about what it needed to act on Mr C's LPA instructions as, following the discussion on 28 December, it confirmed to Mr C in writing that it would need to see the amended LPA;
- Each time NS&I received the LPA, it was actioned within three days;
- Mr O had instant access accounts at NS&I from which the money could have been withdrawn.

Although I acknowledge that Mr C didn't become an LPA until 25 January 2024, and I accept what he says about the difficulties surrounding his mother's LPA on the accounts, I'm not persuaded that NS&I was responsible for the delays. So, I don't find that it should reimburse Mr C for the losses he says his father has incurred as a result of the withdrawal on 16 January 2024.

However, I do consider that NS&I should have communicated better with Mr C, and his family, and I can see that its customer service continued to be lacking beyond the point at which NS&I paid Mr C the original compensation. For the ongoing delays and inconvenience I find an additional £150 is fair and reasonable.

My final decision

My decision is that I uphold this complaint. National Savings and Investments should pay Mr C an additional £150 for the ongoing inconvenience, as it has agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C, on behalf of Mr O, to accept or reject my decision before 20 November 2024.

Amanda Williams
Ombudsman