

The complaint

Ms G complains that National Savings and Investments (NS & I) delayed her application to be the adult holder of her Premium Bonds, and that it failed to keep her properly informed. She's represented in making the complaint by Mr G, her father.

What happened

When Ms G turned sixteen in February 2024, her Premium Bond account was transferred to her, and Mr G no longer had access. They didn't have a problem with this and when Mr G enquired about it, he was told that NS & I advised customers about registering as an adult user who are turning sixteen within a month of their sixteenth birthday. In the meantime Ms G wasn't able to access her account until she registered for it. Mr G called and was promised a call back which he never received. He was later given conflicting information as to whether NS & I do call backs.

Mr G further complained that once Ms G reached sixteen, the setting on the account turned to sending a warrant (cheque) for any prize won, rather than as before reinvesting any prize winnings.

Mr G also complained that NS & I says on its website that the customer can register online, when in fact that was not the case as Ms G was required to register her signature. She sent back the signature form countersigned by a witness, but this wasn't valid as the witness signed on a different day. NS & I says that it was not until the end of August 2024 that it received a valid form.

NS & I said it hadn't made an error, and that its process was to inform customers usually within a month of them reaching the age of sixteen. It pointed out that they wouldn't be able to go through the process of registering until they were sixteen. It further said that all premium bond accounts reverted to payments of prizes by warrant, even if they were previously set up for the winnings to be reinvested.

In its initial final response letter NS & I agreed that Mr G had received poor customer service in respect of call backs and whether its advisers were able to do those. It made a payment of £50. Subsequently it agreed that it had delayed in processing the signature form, once the correct form had been received. In light of that it proposed a payment of £150 compensation to Ms G. It also agreed that any new bonds issued after the signature form was received in August 2024 would be retrospectively checked for prize draws from then on.

Our Investigator thought that the payment offered and the offer to retrospectively check any new bonds after August 2024 was reasonable.

Mr G did not agree and said that the offer of compensation was derisory considering the extent of the delay to register Ms G and the trouble and upset caused to her.

The matter has been passed to me for an Ombudsman's consideration

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.

Where any evidence is incomplete or contradictory, as some of it is here, I will make my decision based on what, in my view, is most likely to have happened.

process used to convert the account into an adult account

Mr G feels that NS & I should advise its customers before they reach sixteen rather than, as he says happened here, a few months afterwards. NS & I says that it would normally write to the customers within a month of their sixteenth birthday. I'm not clear when that was done here, although NS & I says that it communicated with Ms G within a couple of weeks of her sixteenth birthday. I am aware that Mr G was in contact with NS & I fairly soon after Ms G's birthday, and as he had gone through the process with his other children before he would've been aware of NS & I's position.

I can't say that NS & I's process is wrong here. Although the website does seem to indicate that the process can be done online it also does refer to the registration of a signature which can't be done online.

delays in account change over

This is where the evidence is a little unclear. It does appear that during the process Mr G says he or Ms G didn't receive letters. This may be in part because communications to Ms G were sent to an old address. NS & I has said that this is because when Mr G registered a change of address, the change would only have happened concerning his account. I understand that a child's address wouldn't necessarily be the same as that of their parent. But I do think that the process should make clear that changing a parent's address doesn't automatically change the child's address.

As regards the signature form, the first one was wrongly completed. I'm not clear when NS & I received this or when it notified Ms G that it was wrong. NS & I says that it didn't receive the correct form until around the end of August. Mr G told our Investigator: *"let's be clear. NS & I on at least one occasion refused to accept the signatures but did not write to [Ms G] to tell her. As NS & I has admitted delay on its part, I think it reasonable to accept that at least one month's delay was due to NS & I. It has agreed to enter any new bonds issued after August 2024 retrospectively into the prize draws after that date. I understand that the system relies on random numbers being generated, which if they do not represent the number of an eligible bond would be rejected for a prize. And that NS & I can manually alter the position here.*

prizes sent by warrant rather than reinvested

Ms G was fortunate during this period, to receive a number of prizes. These were sent to her by warrant rather than reinvested, as was previously the case before she was sixteen. Mr G believes that NS & I should operate a default option here i.e. to continue to pay any prizes as they were when the customer was a child. NS & I has said it can't do this, and that it needs new instructions from the now adult holder of the bonds. I do think that it's really up to NS & I how it operates here. Some customers may welcome the bonds remaining as previously instructed whilst others would expect to give new instructions now they are adults.

I think it is the fact of the delay in completing the transfer that has caused upset to Ms G, although I don't find that the entire delay in this matter was the fault of NS & I. I think that

NS & I's solution of putting any new bonds retrospectively into previous prize draws is appropriate.

lack of information/ conflicting information

I think there was a certain lack of information here, But that is likely to have been due to letters not being received by post and/or going to a previous address. Mr G was told that the advisers did not do call backs, although he was later told that they could do call backs unless a new call came in in the meantime. NS & I later still told us that its advisers did not do call backs. I've noted that in the first final response letter NS & I did pay Mr G £50 for the poor customer service in this respect, and I think that the service here was provided to Mr G rather than to Ms G.

compensation/ other action

As Mr G has been advised by our Investigator, he makes the complaint as the representative of Ms G, and I can't award him personally any compensation. Whilst I appreciate that Ms G was caused trouble and upset, the bulk of the dealings with NS & I were carried out by Mr G. I've also taken into account that Mr G knew about the process for converting over sixteen accounts into adult accounts as he had previously liaised with NS & I concerning his other children's accounts. Under those circumstances I do think that the £150 offered by NS & I is fair and reasonable compensation.

With regard to retrospectively entering the bonds for previous prize draws, I think it is reasonable to do this from and including the September prize draw onwards. NS & I should write to Ms G, if it has not already done so, to confirm the results of the said prize draws. I understand that if reinvesting any prize would exceed the maximum holding, it would then be paid by warrant.

Putting things right

NS & I should pay Ms G £150 compensation.

It should further confirm, if it hasn't already done so, to Ms G what bond numbers were entered into the prize draws for September 2024 and onwards, and pay any prizes accordingly.

My final decision

I uphold the complaint and require National Savings and Investments to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 17 January 2025.

Ray Lawley
Ombudsman