

The complaint

Ms C complains that a withdrawal from her account with National Savings and Investments (NSI) was delayed.

What happened

Ms C had a Direct Saver account with NSI.

On 30 January 2024, she instructed an online withdrawal for £309,000 – to go into her partner's account at another bank (which I call 'bank A'). This was to be used to reduce the balance of a mortgage in his name, also held at bank A.

On 31 January 2024, NSI called Ms C and said the payment had been stopped for security checks. NSI's call handler said the payment couldn't be made as it was going into an account in someone else's name (i.e. Ms C's partner), and this was against the terms and conditions of NSI.

The payment was recalled and it was then made to an account at bank A in the joint names of Ms C and her partner on 5 February 2024.

Ms C complained. On her complaint form to us, she said she accepted that the payment needed to be made to an account in her name. The crux of her complaint was that she was told on the call on 31 January 2024 – that the funds would be paid to the joint bank account by 2 February 2024. But that didn't happen and the funds were only paid to bank A on 5 February 2024. This resulted in extra mortgage costs of £180.65 – three days' mortgage interest.

When Ms C responded to our investigator's view, she added to her complaint – that she was allowed to attempt the payment to an account which wasn't in her name; there should at least be a warning on the NSI online payments page to that effect.

NSI said:

- it is in NSI's terms and conditions that funds must be sent to a bank account in the NSI account holder's name.
- After the call on 31 January 2024, the funds were recalled from bank A and then paid to bank A on 5 February 2024.

NSI didn't uphold Ms C's complaint.

Ms C brought her complaint to us. Our investigator didn't uphold it and said:

- On the call on 31 January 2024, Ms C was told a recall could take up to 15 days, but sometimes it takes a couple of days.
- She didn't think NSI said the funds would be received at bank A by 2 February 2024.
- NSI's terms and conditions state that transfers must be into an account in the

- account holder's name at the receiving bank.
- And, this was part of NSI's security checks.
- In any case, the cost incurred were those of Ms C's partner, and not by her. And our service can't award compensation for impact on a third party.

Ms C didn't agree and asked that an ombudsman look at her complaint. And so it has come to me.

I reached a provisional decision which upheld Ms C's complaint:

There are two aspects to Ms C's complaint:

- Whether NSI made her aware that the withdrawal had to be to an account in Ms C's name.
- Whether NSI said the funds would be paid to the account at bank A by 2 February 2024.

Withdrawals to account in account holder's name:

I looked at the terms and conditions and these do say this is the case. They say:

"When you make a withdrawal or receive a payment from us, we usually pay the money into your nominated account. Your nominated account. For each account you have with us, you will need to give us the sort code and account number for a personal UK bank account or building society account in your name. We refer to this as your 'nominated account'...

When we can refuse instructions

We may refuse to carry out your instructions (including an instruction to make a payment) if: ...the instructions are unclear, incomplete, or if you do not give them in the way we ask you to • carrying out the instructions would place us in breach of law, regulation, or code of practice. We'll always try to tell you if this happens, and why – unless we're legally prevented from telling you."

So, I'm satisfied that the terms and conditions say that payments must be made to an account in Ms C' name. I agree it would've been helpful if at the point of the payment being made there was something to say this – or even prevent the payment at that stage. But to be fair to NSI, they acted within their terms and conditions - and advised Ms C the following day (on the call) that the payment couldn't be made.

So, on the first point, I think NSI acted reasonably.

Did NSI say the funds would be paid by 2 February 2024?

Here, I differ from our investigator. I listened to the call made on 31 January 2024. I repeat the important points made:

NSI call handler: Calling about security checks – your payment has been held. Is the payment for £309,000 being made to an account in your name? *Ms C:* no, to my partner's account (name).]

NSI call handler: This is against the terms and conditions of the account....must be paid to an account in your name.

NSI call handler We can recall the payment and have funds returned to NSI, this sometimes

takes two days, up to a maximum of 15 days. Do you need the money urgently? Ms C: yes to pay down the mortgage.

NSI call handler: Is there a certain date you need the funds for? Ms C: by 2 February 2024 (repeated twice).

NSI call handler: So it can be paid to a joint account at bank A. If the payment is urgent, we can get managerial approval to borrow funds from NSI (to make the payment). Ms C : then confirmed the details of the joint account at bank A.

NSI call handler: So once we have confirmed (the) successful recall, then we will make arrangements to make payment to the joint account (gives details of joint account number)....I understand you need it by 2 February 2024.

NSI call handler: We will put forward a request to borrow the funds on your behalf from NSI and make payment to the bank A account ending XXX. But you need it by 2 February 2024? Ms C: yes.

NSI call handler: We will call you with an update.

For me, NSI's call handler clearly stated that the payment would be made by 2 February 2024. There is no evidence I've seen that NSI made a further call to Ms C – for example, to say the payment wasn't to be made. Therefore, I think it's reasonable for Ms C to have assumed the payment would be made by 2 February 2024 as she had been advised.

Ms C then had to call NSI again on 3 February 2024 – to find out what was going on as the payment hadn't arrived.

Ms C has shown us the redemption statements for her partner's mortgage. This shows daily interest of £60.21 – on a balance of £314,664. The interest rate was 6.99%. As the payment for £309,000 wasn't made by 2 February 2024 – that equates to £59.18 per day on that amount. So I think it's reasonable that NSI pay three days' interest - £177.54. She also had to call NSI again on 3 February 2024, which also caused her some inconvenience – and I think compensation of £100 is fair for that.

I hear what our investigator has said about the impact being on Ms C's partner. But I also note:

- The inconvenience impacted Ms C as she made the calls.
- I'm persuaded that in practical terms, it is reasonable to pay the interest to Ms C – her address is the same as her partner (as shown on the redemption statements and her complaint form); and the account at bank A is a joint account. So, it's clear that they are linked in terms of this complaint for all practical purposes. We could ask Ms C's partner to sign a joint complaint form to confirm this – but I don't think that is a cost-effective way of settling this complaint.

(continued)

Responses to the provisional decision:

Neither Ms C nor NSI responded.

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.

As neither Ms C nor NSI responded, my final decision is unchanged from the provisional decision.

My final decision

I uphold this complaint. National Savings and Investments must:

- Refund interest of £177.54.
- Pay compensation of £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 21 January 2025.

Martin Lord
Ombudsman