

The complaint

Mr B complains that he couldn't access his National Savings and Investments (NS & I) account for several months so wasn't able to deposit his savings.

What happened

In April 2024 Mr B set up an account with NS & I to purchase some Premium Bonds. He initially deposited £1,000 to ensure that his account was set up and working. His intention was to deposit further savings. However he found that he couldn't access his account. This was because when trying to go through the strong customer authentication process the account kept coming up with an error message, and the process couldn't be completed.

Mr B referred the matter to NS & I, but it couldn't resolve it. It initially paid him £50 for his distress and inconvenience. It said that he could operate his account by post or over the telephone, but Mr B was unwilling to do that until he could be assured that his account was operating properly.

After the matter was referred to the Financial Ombudsman Service, in September 2024 NS & I set up a new portfolio and password for Mr B. This resolved the problem with his account and he now has full access to it. I understand he deposited further savings, as was his intention in April 2024. NS & I offered a further £300 in respect of distress and inconvenience caused to Mr B. It agreed also to retrospectively enter his bond numbers in the prize draws from April 2024. It then set out the details of the draws and the prizes to Mr B, and a copy of the guide its staff follow when carrying out retrospective prize draws.

Mr B was not happy with this as the prize money was written manually and he felt that, bearing in mind the average prizes earned for the sort of money he was investing, he was considerably underpaid. He thought that NS & I should produce full statistics of the prizes won with full spreadsheet evidence. He felt that the compensation offered wasn't reflective of the distress and inconvenience he had suffered.

Our Investigator reviewed the matter. They believed that NS & I had put forward an offer which was fair and reasonable in the circumstances and similar to an award they would've made had NS & I not made the offer.

Mr B didn't agree and 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.

First of all, I can understand that it must have been really frustrating for Mr B not to be able to use his account for five months. And I accept that he was reluctant to deposit further savings until his account issue was sorted out even though he would've been able to do this by post or telephone.

NS & I has recognised that Mr B was caused distress and inconvenience by not being able to access his account. For this it has taken two steps - an offer of £300 compensation (on top of the £50 already paid) and entered his bonds retrospectively into the prize draw from April to September 2024. In support of this it has produced details of Mr B's winnings and a copy of its guide that its staff follow when carrying out that process.

NS & I has explained that its computer (ERNIE) produces random numbers each month. Those numbers may not be associated with an eligible bond. So once the number generation is complete, all the numbers drawn are checked to see if they are eligible. And those numbers are then entered manually by its staff.

Mr B doesn't accept that a fair process has taken place, pointing out that the prizes he won fell short of the average for the number of bonds held. NS & I has said:

"NS&I can assure Mr [B] that there is no scope for misappropriating money from the Premium Bond prize fund. Prize draws are carried out under the strictest security and are subject to scrutiny by the National Audit Office and the Department for National Savings' own internal auditors."

NS & I is a state owned bank, and I don't think it likely that it didn't carry out its process properly. Its assets are stated to be 100% secure and backed by HM Treasury. Given that the prize numbers are drawn entirely at random there's no guarantee that Mr B's bonds will attract the average prize compared to the holding each month. I understand that Mr B has recently had better prizes so the process could easily even itself out.

Given that, I think NS & I has given reasonable and appropriate information concerning the prize draws. It has explained why figures were inserted manually. I don't think it would be reasonable or proportionate to expect it to produce the list of all winning numbers as Mr B has requested. Not least as I would think that would be in breach of the general data protection regulation (GDPR).

As regards the compensation paid and offered for Mr B's distress and inconvenience, I understand that he wasn't able to access his account for five months, before the position was remedied by NS & I. An award of £350 would be appropriate where significant distress and worry has been caused over several months, as applies here. I take into account that Mr B didn't lose any money and in considering awards we've made in similar circumstances I think that the amount offered is fair and reasonable.

Putting things right

NS & I should pay compensation of £300, on top of the £50 already paid.

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 Mr B to accept or reject my decision before 28 February 2025.

Ray Lawley
Ombudsman