

The complaint

Mr M is unhappy with the service he's received from National Savings and Investments ("NS&I") surrounding matured account payment requests he made.

Mr M is represented in this complaint by his authorised representative, his mother, whom for clarity of reference I'll refer to as 'Mrs C'.

What happened

Mr M had several matured accounts with NS&I, the balances of which were held by NS&I in a residual account while awaiting instructions from Mr M.

On 5 July 2023, Mr M provided a series of instructions to NS&I to pay his matured balances to him. Because these instructions were received as a series of instructions by NS&I, each instruction was processed separately by NS&I, who issued four cheques to Mr M for the following amounts - £42.67, £90.44, £45.21, & £237.77 – for a total amount of £416.09.

On 25 October 2023, Mrs C wrote to NS&I with Mr M's consent and returned the cheques, explaining that Mr M only had a basic bank account which couldn't receive credits and asked for the payments to be reissued to her account.

In response, on 3 November 2023, NS&I resent the cheques to Mr M exactly as they had been sent initially. Mrs C then returned the cheques to NS&I once again and reiterated that Mr M couldn't cash the cheques and asked for the payments to be reissued to her account.

On 9 November 2023, NS&I sent an indemnity form to Mr M and Mrs C to be completed and returned to them which would allow them to process the payments to Mrs C's accounts as Mr M and Mrs C wanted.

Almost two months later, on 8 January 2024, NS&I received the completed indemnity form from Mr M and Mrs C. Several weeks after that, on 22 February 2024, NS&I made three of the payments to Mrs C's bank as requested. However, a few days later, NS&I paid the largest of the four payments, £237.77, as a bank transfer to Mr M's account – the account that couldn't receive credits – and not to Mrs C's account as requested. Mr M and Mrs C were happy with the service Mr M was receiving from NS&I, so they raised a complaint.

NS&I responded to Mr M's complaint and explained that all outstanding payments had now been made to Mr M. However, NS&I did apologise for the trouble and frustration that Mr M had experienced surrounding this matter, and they paid £50 to Mr M as compensation for this. Mr M and Mrs C weren't satisfied with NS&I's response, especially as the £237.77 payment still hadn't been received by them, so they referred Mr M's complaint to this service.

One of our investigators looked at this complaint and liaised with Mrs C and NS&I about it. They asked NS&I why they had paid the £237.77 to Mr M's account and not to Mrs C's account as instructed. NS&I apologised for this and reissued the £237.77 to Mrs C's account on 16 September 2024. NS&I also offered to pay a further £150 compensation to Mr M.

Our investigator didn't feel that NS&I's offer of further compensation went far enough, and so recommended that NS&I should pay a further £350 compensation to Mr M, taking the total compensation amount to £400. And our investigator also said that NS&I should pay 8% interest on the £237.77 from 8 January 2024, when NS&I had received the completed indemnity form, to 16 September 2024, when NS&I reissued the payment to the correct account.

Neither Mrs C nor NS&I were happy with the view of this complaint put forward by our investigator, so the matter was escalated to an ombudsman for a final decision.

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 issued a provisional decision on this complaint on 9 January 2025 as follows:

When Mr M and Mrs C first submitted the payment requests to NS&I, they appear to not have realised that Mr M's bank account wouldn't be able to receive the payment amounts as the account couldn't accept credits. This caused Mr M and Mrs C to return the cheques that they'd received from NS&I in a letter posted 25 October 2023 and received by NS&I on 3 November 2023.

In response, NS&I first incorrectly reissued the cheques to Mr M, and then sent an indemnity form to Mr M to be completed and returned to them which would allow them to make the payments to Mrs C's account as Mr M and Mrs C wanted.

NS&I have provided this service with a copy of their internal policy that relates to this matter. I've reviewed that policy, and having done so it seems that there was no requirement for NS&I to send an indemnity form to Mr M in this instance.

This is because NS&I's policy states that for payments up to a certain amount there is no need for an indemnity form and the payments should just be made to the alternative account as requested. And it is only when a payment amount is greater than the specified trigger amount that an indemnity form is required.

In this instance, all the payments that were being made to Mr M were less than the amount that would trigger a need for an indemnity form as per NS&I's internal policy. Indeed, even the combined amount of the four payments is less than the specified trigger amount.

I can therefore only conclude that when NS&I received the request from Mr M that the payments be reissued to Mrs C's account on 3 November 2023, that what should have happened at that time was that all four payments should have been paid to Mrs C's account without the need for a completed indemnity form.

I'm satisfied that all four payments in question have now been made to Mrs C's account. However, because NS&I asked Mr M and Mrs C to complete an indemnity form that they don't appear to have been required by NS&I's policy to have completed, I feel that these payments were received into Mrs C's account later than they reasonably should have.

Because of this, my provisional instructions here include that NS&I must pay 8% interest all four payment amounts from 3 November 2023, when the request to reissue the payments to Mrs C's account was received by them, to when the payments were made, which I understand as being 22 February 2024 for the three smaller payments and 16 September 2024 for the £237.77 payment.

I also note that a further payment was made to Mr M (at Mrs C's account) on 9 January 2024 for £31.94. This payment doesn't relate to any of the four payments that NS&I had previously issued cheques to Mr M for and is a fifth payment for a separate account. It's unclear why this payment was only made after the receipt of the indemnity form from Mr M and Mrs C, although it doesn't appear to have been requested by Mr M in his initial submission to NS&I in July 2023.

Upon consideration, I feel this payment should most likely also have been made to Mr M on 3 November 2023, along with the other payments, and so I also instruct NS&I to pay 8% interest on this amount from 3 November 2023 to 9 January 2024.

Turning to the matter of compensation; it seems clear to me that NS&I's actions have caused Mrs C, while acting for Mr M, a notable degree of frustration and inconvenience that she shouldn't reasonably have had to incur.

However, I'm unable to instruct NS&I to compensate Mrs C for the trouble and upset she's experienced here. This is because this service only has the remit and authority to consider the impact of events on the eligible complainant, which in this instance is Mr M as he was the holder of the accounts in question. And this service can't consider the impact of events on any representatives acting for an eligible complainant, because those representatives are not themselves the eligible complainant.

Mrs C has explained that Mr M has ADHD and ASD, and so it's both understandable and commendable that Mrs C would want to handle this matter for her son as much as possible. But in doing so, I feel that Mrs C has largely shielded Mr M from the impact on these events, and this is something that I have to consider when assessing the issue of compensation.

This isn't to say that Mr M hasn't been impacted at all by what's taken place here, and I accept that he would have been worried and concerned about his money and his accounts. And I have taken Mr M's ADHD and ASD into account.

But as explained, I do feel that the impact of what's happened here on Mr M has been significantly reduced because Mrs C has acted on his behalf. And when I consider this point alongside the general framework that this service uses when assessing compensation amounts (details of which are available on this services website), I feel that a fair total compensation amount in this instance would be £250.

NS&I have paid £50 compensation to Mr M already. As such, my provisional decision also includes that NS&I should pay a further £200 compensation to Mr M.

NS&I responded to my provisional decision and confirmed that they were in acceptance of it, whereas Mr M and Mrs C did not respond. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr M's favour on the basis that I've described above. And I therefore confirm that my final decision is that I do uphold this complaint in Mr M's favour on that basis accordingly.

Putting things right

NS&I must pay 8% interest on the five payments made to Mr M as described above. This interest must be paid from 3 November 2023, when the request to reissue the payments to Mrs C's account was received by NS&I, to when the payments were made.

NS&I must also pay a further £200 compensation to Mr M.

My final decision

My final decision is that I uphold this complaint against National Savings and Investments on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 February 2025.

Paul Cooper
Ombudsman