

The complaint

Mr H complains that National Savings and Investments (NS&I) didn't pay full interest on his Bond when additional funds were paid in.

What happened

Mr H took out an NS&I one-year Bond with funds paid by cheque. He said he posted his cheque on 5 October 2023, but said NS&I didn't credit this to his account for another nine days. Mr H complained to NS&I that its delay caused him to lose four or five days' interest on his Bond.

In its response, NS&I said it received Mr H's Bond application on 14 October 2023. NS&I said this was processed on 17 October and a record sent to Mr H on 18 October, showing the date of his investment as 14 October 2023, with a maturity date of 14 October 2024.

NS&I said, once an item of mail enters the postal system, it is in the hands of the delivery service and NS&I has no control over any delay in its receipt. However, it said that Mr H's investment had earned a full year's interest and so it wouldn't agree to his request for it to cover any loss of interest. As a valued customer, NS&I offered Mr H £30 by way of a goodwill gesture.

Mr H wasn't happy with this response and referred his complaint to our service. He said the daily interest on his Bond is £10.52 and so the £30 NS&I offered was insufficient to cover his loss.

Our investigator didn't recommend the complaint be upheld. She said the terms for the Bond state that the date of the deposit will be the date that NS&I receives payment, which was 14 October 2023, and it can't be responsible for delays in the post. She said NS&I told Mr H the date of investment, the interest rate and the maturity date of 14 October 2024. She said NS&I had sent Mr H a maturity statement on 14 October 2024 showing the total interest for the tax year.

The investigator said even if Mr H's deposit had been processed the day after posting, the interest rate and term would have remained the same, and so the funds would have accrued the same amount of interest, and so NS&I had not made an error. She said NS&I sent a payment of £30, not to cover a loss of interest but as a 'valued customer payment'.

Mr H disagreed with the investigator and requested an ombudsman review his complaint. He said he had missed out on a few days' interest because of the delay with his cheque as he could have reinvested earlier.

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.

Mr H said NS&I failed to act in a timely manner when it received his cheque, and he is due additional backdated interest. NS&I said when mail is received the cheque is banked the same day, and the item of mail is scanned to show when it was received.

Our service is impartial, it does not act as a consumer champion but seeks to make fair and reasonable decisions based on the facts and evidence of each case. In assessing whether NS&I acted fairly, I've taken into account the relevant rules and guidelines along with good industry practice. There are general principles that say a bank should conduct its business with due skill, care and diligence and pay regard to the interests of its customers.

I've looked carefully at the timeline of events and NS&I's records. Mr H dated his application 6 October 2023, but we can't be sure when this was posted to NS&I. However, even if posted the same or the next day it's not surprising that it took a week to be delivered. It would not be fair for a business to be held responsible for the slow delivery of post as this is beyond its control. NS&I's records show receipt dated 14 October and it appears to have followed its terms in using that date as the start of Mr H's Bond. I feel confident that NS&I would have started the Bond at an earlier date had it received Mr H's post a few days earlier.

I agree with Mr H that his Bond would have reached maturity a few days sooner if his post had been delivered more promptly to NS&I, but I haven't seen anything to suggest NS&I were responsible for this.

I've looked at the customer agreement for the Bond and this shows the investment is for a fixed term, so no additional interest is due at the end of the term. The agreement states that if the account rolls over for the same term, the customer gets the interest rate on the maturity letter sent 30 days before maturity. NS&I's letters to Mr H show that he had the Bond for the full one-year fixed term, and the interest has been applied for the full year.

Consequently, NS&I is correct to say that Mr H has had the full year's interest to which he is entitled. Mr H rejected NS&I's payment of £30 as not matching his lost interest of around £40-50. However, NS&I made this offer to Mr H as a 'valued customer payment', not loss of interest. I recommend that Mr H contacts NS&I so he can arrange receipt of this payment.

Having reviewed Mr H's complaint I've found no errors with how NS&I handled his deposit and I'm satisfied NS&I isn't responsible for any delay in starting the Bond. NS&I has paid Mr H the full year's interest and made a fair offer of a payment to reflect his customer status.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 April 2025.

Andrew Fraser

Ombudsman