

The complaint

Mr P complains National Savings and Investments caused him and his family intense stress and trauma which could have been avoided had the right information being available at the outset as to the withdrawal process for trust income bonds.

What happened

Mr P and his brother acting as trustees of a family trust invested trust funds in two income bond accounts with NS&I. The two accounts in question were opened in 2017. Mr P says the family trust deed says either trustee can give instructions.

Mr P says he needed to access the two accounts with NS&I urgently in 2024 to help fund the purchase of a property for his son. He says he checked the withdrawal process on NS&I's website and there was nothing to suggest that the withdrawal process for an income bond account held in trust was any different to withdrawing funds from an ordinary income bond account. He says he could see funds were available when he checked too.

On 7 May 2024, when Mr P tried to make an online withdrawal, he says he wasn't able to do so notwithstanding the checks he'd made. He also says that he wasn't able to print out statements in the form his son's solicitors needed. Mr P says he called NS&I straightaway and that the agent told him that he'd need to use a form – and that he couldn't make a withdrawal online – as he was trying to make a withdrawal from a trust account. He says he was told he could go online and print the form off, but he had to be shown where to go.

Mr P says he filled in the form and sent it to NS&I on 7 May 2024 – in other words on the same day that he spoke to NS&I – but didn't get his brother to sign it as they live approximately 150 miles apart and the family trust deed says either trustee can give instructions. He says it wasn't until a week later that he was told all trustees needed to sign – he found out when calling to check why funds still hadn't been received. Mr P says that it wasn't until two weeks after he originally contacted NS&I that a manager explained the correct process that he needed to follow. He says the funds only just arrived in time and only because his son's solicitors managed to get an extension to the original completion date.

Mr P complained to NS&I saying that he and his family had been caused intense stress and trauma which could have been avoided had the right information being available at the outset as to the withdrawal process for trust income bonds. NS&I says it looked into Mr P's complaint and said that the withdrawal process was set out on its website and for trusts couldn't be done online as the consent of all trustees was needed. In addition, NS&I said that the process for making a withdrawal from a trust account was explained in the terms and conditions and documentation that Mr P would have received when the accounts were opened. In the meantime, NS&I paid a one off £30 valued customer payment into Mr P's nominated bank account.

Mr P was unhappy with NS&I's response saying that he couldn't find the information in question on its website and that his experience proved that its agents weren't properly trained. He complained to our service.

One of our investigators looked into Mr P's complaint and agreed that he'd received poor service. So, they recommended additional compensation on top of the £30 that NS&I had already paid. In the meantime, NS&I had offered an additional £50 compensation for incorrect information it accepted it had given in a letter.

Mr P wasn't happy with our investigator's recommendations saying that the compensation was inadequate. He also wanted NS&I to make changes. In the circumstances, he asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed to me.

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 can understand why Mr P is upset with NS&I – he carried out some checks when he knew he was going to need to withdraw money from the two trust accounts to make sure everything went smoothly. Based on those checks, he thought the process would be relatively straightforward and could all be done online. In fact, that wasn't the case. Because the accounts in question were trust accounts, withdrawals couldn't be done online – a form had to be completed and sent in – and all trustees had to sign.

I can see that Mr P has complained that NS&I's website doesn't explain that the process for trust accounts is different, or if it does that the explanation isn't in a place that's easy to find or accessible to a layman. In its response to us, NS&I has sent us a link to a section on its website that deals with trust accounts. I've had a look at that link – and the frequently asked questions section – and although I accept that it is intended for advisors, rather than general customers, I don't think it's fair to say that the process isn't explain or in a place that it accessible to a layman. I say that because trustees know when they take on that role that there are obligations associated with it – it's a serious role. In this case, I think it's fair to say that Mr P must have been aware of that given his profession before he retired. Nor do I agree that it makes sense to assume that the withdrawal process for a trust is the same as the process for a normal account. Notwithstanding that, I agree with Mr P that the agents he spoke to ought to have been aware of the withdrawal process. So, I've considered this.

I can see that Mr P called NS&I on a number of occasions – I accept he spent more than two hours on the phone – and that he wrote to NS&I too – and paid for next day delivery given the urgency. I can see when he called to find out why he couldn't make an online withdrawal that he was told he needed to fill in a form, and when he couldn't find the form he needed he was shown where to find it. The section of the website I've referred to above explains forms need to be used for trusts and provides links to them – this is presumably where the section Mr P was shown. I agree it's unfortunate that only Mr P signed the original form, and that it wasn't until later that he realised both he and his brother needed to do so. I can, however, understand why this is important from a security point of view. So, whilst I agree that NS&I could have provided a better service in places, I don't think it's fair to say that NS&I needs to compensate Mr P and his family in the way asked, not least because when we do award compensation we award compensation for the impact on the customer and not third parties.

Putting things right

I'm not saying that Mr P and his family didn't go through a stressful experience – buying a property can be incredibly stressful – simply that I don't think the errors that NS&I made and to which it has admitted means that it is responsible for all of the stress Mr P and his family went through. In short, I agree that the offer that NS&I has in effect made – an additional £50 on top of the £30 it has already paid for incorrect information in one of its letters – is fair

compensation for the part that NS&I played in making what would have been a stressful time somewhat more stressful. So, that's the award I'm going to make.

My final decision

My final decision is that I require National Savings and Investments to pay Mr P the additional £50 it has offered in full and final settlement of this complaint as I consider that offer to be fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 April 2025.

Nicolas Atkinson
Ombudsman