

## **The complaint**

Mr S as an executor of the late Ms S's estate complains that National Savings and Investments ("NS&I") wrongly paid out another customer's bonds to him resulting in him being asked to pay the value of the bonds back.

## **What happened**

Mr S discovered a premium bonds certificate in the late Ms S's name and wrote to NS&I enclosing Ms S's death certificate and copy of the bond certificate as well as copies of her Will, marriage and birth certificate (which showed her maiden name) and requested NS&I transfer the value of the bonds to his personal bond account.

NS&I responded stating that the bonds Mr S had found were valid and that the late Ms S also held other bonds.

In December 2023 the bonds were cashed in and paid out to Mr S being the sole beneficiary of Ms S's estate. Unfortunately following this NS&I discovered that £4,300 of the bonds had been paid in error - belonging to another customer who had the same first name, surname and date of birth as Ms S - and wrote to Mr S about this in March 2024 asking for return of the funds.

Mr S contacted NS&I to speak about this and offered to set up a repayment plan as the funds had been used to pay for costs relating to the estate, but NS&I refused to talk it through over the phone or respond to his correspondence.

Mr S complained to NS&I about this in his capacity as executor of Ms S's estate.

NS&I issued its final response to this on 25 June 2024. NS&I agreed it had made an error in the wrong bond payments being sent and offered £150 by way of apology for this which Mr S rejected. Following this NS&I sent a further letter on 2 January 2025 explaining how it believed the mistake had happened and confirming it was willing to accept Mr S's offer of a £150 a month repayment plan along with taking a payment of £1,075 from his personal premium bond holding held with it. NS&I stated that should Mr S's personal circumstances change to get in touch to discuss the matter further.

Mr S was dissatisfied with this and so brought Ms S's estate's complaint to this service. Mr S says NS&I's error has caused a significant amount of distress at a difficult time and can't understand how it happened.

Following this NS&I increased its offer of compensation by a further £200 taking the total amount it was offering up to £350 for the distress and inconvenience its error caused and poor customer service for the long delays in responding to correspondence.

One of our investigator's looked into the concerns raised by Mr S and confirmed that NS&I agreed that as executors of Ms S they wouldn't have known what her bond holdings were and so were reliant on the information provided by it. They were satisfied that the value of

the bonds it had asked for back were for another customer of theirs and as such didn't think it was unfair to ask for it to be paid back as it didn't belong to the estate.

Overall, they thought as NS&I were willing to accept Mr S's offer to repay the £4,300 by a lump sum from his own personal bond holding followed by further monthly repayments of £150 – that Mr S had confirmed were within his means to pay – that this was a reasonable outcome.

Our investigator explained that they weren't able to consider the fairness of the £350 compensation offer as our rules stipulate that we should distinguish between the account holder (the estate of Ms S) and the representatives of the customer – in this case the executors of which Mr S is one and so we couldn't look at the fairness of the offer to Mr S or the distress he has suffered personally due to NS&I's mistake.

And as Ms S's estate hadn't incurred a financial loss they thought NS&I's agreement to set up the repayment plan under the terms of its letter dated 2 January 2025 was reasonable.

Mr S says due to his current financial situation they (him and his wife the co-executor) are unable to make the payments requested by NS&I without incurring significant hardship and will be in a better position following the sale of their house. Our investigator advised Mr S to contact NS&I directly about this.

Mr S remains dissatisfied as at no point have NS&I explained how he was given monies that were not in the name of the late Ms S and that NS&I have incorrectly stated that Ms S had a middle name. Mr S is unhappy NS&I have now locked the funds he held personally in his premium bonds account. Mr S wants NS&I to take some accountability for the matter and has asked for an ombudsman's 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 hope that Mr S won't take it as a discourtesy that I've condensed this complaint in the way that I have, I've no doubt about the amount of distress and inconvenience Mr S has suffered personally due to this matter. But as our investigator has explained the complaint raised with NS&I and brought to this service is in regard to the administration of the late Ms S's premium bonds account and NS&I's error in wrongly paying out another customer's bonds to Ms S's estate.

So although I sympathise with Mr S, I can not look at compensating Mr S for any distress and inconvenience he has suffered personally as he is not the customer or the account holder in this event – Ms S's estate is.

And nor can I look at any complaint points or actions NS&I have taken against Mr S personally as an account holder. These will need to be raised separately with NS&I as they don't fall into the complaint raised by Ms S's estate as outlined in the background above.

There is no dispute that NS&I made a serious and most unfortunate mistake and wrongly paid out another customers bonds to the value of £4,300 to Ms S's estate and that overall NS&I's customer service has been poor. Where a business accepts (or we decide) it did something wrong, we'd expect the business to put the consumer – Ms S's estate - in the position it would be in if that wrong hadn't taken place. In an ideal world, we'd tell NS&I to put Ms S's estate in the position it would now be in if it hadn't been given the funds it shouldn't have. But for complaints about funds which shouldn't have been provided this isn't

straight forward as the funds were provided and, in most cases – such as here, have since been spent.

So we look to try and find some other way to put things right.

Ms S's estate was provided with funds it shouldn't have and the beneficiary of the estate – Mr S - has used and ultimately benefited from these and so I think it is perfectly fair and reasonable for NS&I to ask and expect for these to be paid back. I appreciate Mr S says the funds were used to pay for estate expenses but my understanding from the grant of probate is that the net value of the estate is significant, so I'm not persuaded there aren't sufficient means to repay these funds back if not immediately, certainly once assets can become liquidated.

Indeed, Mr S submitted a proposal to NS&I for the repayment of these funds – so by his own admission accepts that they should be paid back. And as NS&I have agreed to the repayment plan Mr S put forward - as outlined in the letter sent on 2 January 2025 - I think this is a reasonable way to resolve this complaint and I can't say that NS&I have acted unfairly by accepting the proposal put forward to it.

I understand that NS&I have also offered Mr S £350 compensation in total for the inconvenience and distress caused by its mistake and overall failings in its customer service. But as I've already explained above this complaint has been brought on behalf of Ms S's estate who is the eligible complainant here and one that can't feel emotional distress.

So when considering compensation I can only look at the any direct financial loss resulting from any errors NS&I have made and not the distress and inconvenience Mr S or the other beneficiaries have suffered personally. And as I've not seen any evidence that Ms S's estate has suffered any direct financial loss as a result of NS&I's errors – but rather the estate and beneficiary have had the use and benefit of funds interest free that they wouldn't usually be entitled to – I don't think any compensation is due.

I appreciate Mr S says this shouldn't have happened and he wants answers and NS&I's procedures should be looked at. But we are not the regulator, I don't have the power to tell NS&I how it needs to run its business or what procedures NS&I needs to have in place. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority (FCA).

All I can decide is whether what NS&I have done to try and put things right is fair and I think it is. NS&I is willing to accept the proposals put forward by Mr S for the repayment of the funds wrongly paid out, and as Ms S's estate hasn't suffered any direct losses due to NS&I's mistake, I think this is a reasonable way to resolve the matter.

**My final decision**

For the reasons I've explained I think National Savings and Investments have agreed to do is a fair way to settle Mr S's complaint brought on behalf of the estate of Ms S.

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

Caroline Davies  
**Ombudsman**