

The complaint

Mr M complains National Savings and Investments (NS&I) failed to appropriately inform him about the maturity of his Index-linked Savings Certificate (ILSC).

What happened

In 2011 Mr M's father purchased a 5-year NS&I ILSC in Mr M's name with a deposit of £15,000. At the time Mr M was 10 years old. The ILSC matured in 2016 when Mr M was 15 years old. The maturity value was around £17,131.

In 2024, Mr M found out that the matured funds had been placed in a residual account in 2016 and had only earned minimal interest since. Mr M complained to NS&I as he felt it hadn't done enough to tell him that the money had been moved to a residual account – particularly, as he was a minor when the ILSC matured, and NS&I's standard policy was to reinvest any funds upon maturity unless told otherwise by the customer.

NS&I said that in 2012 new terms and conditions for ILSCs were introduced and one of the changes was that an investor needed to be over 16 years of age to invest in further ILSCs. And, as Mr M was under 16 when his ILSC matured, it wrote to him prior to the ILSC maturity date to explain this and that Mr M needed to cash in the ILSC. But when Mr M didn't reply, the funds were transferred to a residual account which had also been explained in the maturity letter. It added that it wasn't responsible if the letter wasn't safely delivered, and that the maturity letter said that no further correspondence is sent until the investor contacts it.

Unhappy with the outcome Mr M referred his complaint to this service. This was reviewed by one of investigators who didn't uphold the complaint. She said:

- She was satisfied that the maturity letter was sent to Mr M.
- NS&I couldn't be held responsible for any failing on part of postal service.
- She added that the maturity letter made it clear that if no contact was received from the customer the funds would be held in a residual account until Mr M contacted NS&I.
- As his parents had opened ILSCs at the same time, she thought they would have been aware that Mr M's ILSC was also due to mature.

Mr M didn't agree with this outcome. He said NS&I had acted unfairly. He reiterated that:

- NS&I had only sent one letter and there was no evidence to show it had been received by him.
- NS&I would have been aware he was a minor and wouldn't have understood the terms and conditions; and, that an adult would have been acting on his behalf.
- He would have expected some follow up from NS&I when he became an adult.
- There is an assumption on the investigators part about the role his parents would have played in keeping him informed about the ILSC. And the reason this matter had

only came to his attention so late was due his family going through a very difficult time several years ago and they'd been separated.

As agreement wasn't reached, the complaint has been passed to me to reach 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.

Having done so, I've reached the same overall conclusion as the investigator. I know Mr M will be disappointed as I can see how strongly he feels about this matter. So, I'll explain why.

There's no dispute that Mr M was a minor when his father bought the ILSC for him in 2011 and he was still a minor when NS&I wrote to him in 2016 about the upcoming maturity date. I've given careful thought to this along with the evidence provided by NS&I.

Having done so, I've found that:

- The terms and conditions - relevant in 2011, allows children over 7 years of age to hold an ILSC in their own right. And Mr M was over 7 when his father bought the ILSC for him.
- The application form – which his father signed, says that all correspondence will go to the account holder named on the form (including children) i.e. Mr M. So, Mr M's father agreed to this when he entered into the application.
- The Maturity letter explained the significant changes to the ILSC and clearly stated the next steps Mr M had to take as the funds would no longer earn interest from the ILSC.
- The Maturity letter also recommended that Mr M showed it to a parent/guardian.

Taking this all into account, I find that NS&I acted appropriately when Mr M's ILSC matured.

I do appreciate that Mr M says he has no recollection of receiving the maturity letter. But I've seen that the letter was correctly addressed – the same address as Mr M has provided to this service. As the letter was sent so long ago, I can't safely conclude that it was received and that Mr M (or his parents have now forgotten about it). But, if the letter wasn't safely delivered, I can't hold NS&I responsible for any failing on part of the postal service.

I have considered what Mr M has said about NS&I not attempting to contact him since 2016. But I've seen that the maturity letter also says *'your money will be moved to the NS&I residual account for safekeeping until you contact us'*. So, I think NS&I made it clear that it wouldn't make any further attempts to contact Mr M. I also think it would be unreasonable to expect NS&I to chase up customers every time it doesn't get a response to correspondence.

I acknowledge Mr M has mentioned some details of a family split. And I'm sorry to hear that he and his family experienced a difficult time. But I'm not persuaded this means NS&I should have acted differently – especially, as it wouldn't have been aware of the problems Mr M has mentioned.

Overall, I have sympathy with Mr M's situation – his investment has earned less than it might have had the funds been placed elsewhere. But looking at all the information I have seen I find NS&I clearly set out what action needed to be taken when the ILSC matured in 2016 and I don't find it did anything wrong in writing to Mr M alone about his ILSC.

My final decision

For the reasons given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 May 2025.

Sandra Greene
Ombudsman