DRN-5536356

The complaint

Miss F complains that National Savings and Investments (NS&I) sent prize warrants to an incorrect address and about the customer service she received in connection with this.

Miss F was represented in this complaint by her mother but for ease in this decision I have referred to the representative's comments or actions as those of Miss F, unless I felt it was relevant to my determinations to distinguish.

What happened

Miss F had a premium bond account with NS&I. She informed NS&I that she'd moved in early 2024 but in June and July 2024 it issued prize warrants to her old address, totalling £150. When Miss F realised she hadn't received her cheques, her mother got in contact to complain and was told the warrants had been cashed. Miss F's mother explained Miss F hadn't received the cheques and didn't cash them.

NS&I issued a Final Response Letter (FRL) on 1 October 2024 in which it agreed it had sent the cheques to the wrong address. It acknowledged its error and offered her £50 to apologise. It said it would get details of the prizes that had been cashed and be back in touch.

However, NS&I sent this FRL to another incorrect address. This letter was returned and when NS&I realised what had happened, it wrote to Miss F, acknowledged the additional error and offered a further payment of £30 as an apology. NS&I also said it had written to Miss F on 3 October 2024 and shared the details of the accounts the prizes were paid into so that she could raise this with the relevant bank or building society. However, the letter it sent her didn't confirm what account the funds were paid into.

Miss F remained unhappy and her mother brought Miss F's concerns to our Service. At this time, in March 2025, NS&I offered to replace the prizes for Miss F and offered a further £50 for the distress and inconvenience caused, bringing the total compensation paid to £130. But Miss F didn't think this was enough and asked our Service to look into things further.

Our Investigator issued an opinion stating that the replaced prize money and £130 distress and inconvenience payment offered wasn't enough. They recommended a further £200 be paid, bringing the total compensation to £330. They noted:

- Miss F received poor service and this had been compounded by further errors such as the FRL being sent to the wrong address and the delay in providing Miss F with the information she needed to raise the missing warrants with the bank.
- NS&I didn't offer to replace the prize funds until March 2025 despite no new evidence being submitted.
- The stress and frustration caused by her data being sent to incorrect addresses.
- The time spent making calls to resolve the complaint.

NS&I didn't think this was a fair outcome and so it asked for an Ombudsman's decision on the complaint.

I asked Miss F's mother and NS&I for more information about the contact they had, so I could better understand the impact of the errors here. I was advised by NS&I there were six calls relevant to this complaint, two in August 2024, one in October 2024, two in December 2024 and one in January 2025. Miss F's mother explained she'd been the one to call NS&I and deal with matters, but that Miss F had been present and had been annoyed about the situation. Miss F's mother said that she was more concerned as it took her many years to save for her daughter's account and she'd been through a lot of hassle raising the complaint with NS&I. She said she was worried NS&I would close her life savings due to the complaint.

NS&I confirmed that it had since reissued the prizes to Miss F on 24 March 2025 and had paid a total of £80 compensation as of May 2025. It confirmed it would be willing to pay a further £50 as previously offered.

After reviewing things, I thought it was likely I'd reach a different outcome to the Investigator, so I issued a provisional decision to ensure both parties had the opportunity to respond before a final decision was made. In brief, I said that I could only award for the distress and inconvenience caused to Miss F, not her mother who is not the eligible complainant here. I said the total compensation amount of £130 that NS&I had recently offered was fair in the circumstances. I also recommended NS&I pay 8% interest on the prize warrants from the date they were originally issued to the date they were reissued.

NS&I accepted my findings. However, Miss F said she had not received the re-issued prize warrants from NS&I. After querying this with NS&I it confirmed that the re-issued prize warrants had been reinvested as per Miss F's preferences on the account and that these had also been backdated. It explained it can backdate bonds in a way that enables them to have won prizes in earlier draws. It provided evidence to support that this had been done.

This information was shared with Miss F and she was invited to let us know if she had any concerns with this. No further representations were made, and so I'm now in a position to issue a final decision on this complaint.

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.

NS&I has admitted that it's made mistakes here, so what I need to consider within this decision is how to put things right. It's not our role to punish businesses for their errors. My role is to consider the impact of any errors on Miss F and try, in so far as possible, to put her back in the position she would have been in had errors not been made.

My understanding is that NS&I has now replaced the prize warrants and reinvested them in. I've seen no evidence to suggest that it was unreasonable for NS&I to reinvest the prizes given this appears to have been in line with Miss F's stated preferences at the time of re-issue. And given these bonds have been backdated, I'm satisfied this resolution ensures Miss F has not lost out financially.

NS&I has offered £130 for the distress and inconvenience caused. But Miss F's mother has argued that this compensation is insufficient, so I've considered the impact of the errors on Miss F.

Much of the testimony Miss F's mother has provided is about the distress and inconvenience she's experienced when raising this complaint on behalf of her daughter. Whilst I don't doubt this has been incredibly stressful for her, it's important to explain that I can't award any compensation for the impact on her. And that's because she is not the eligible complainant here, her daughter is. In my decision I can only award for the distress and inconvenience caused to Miss F.

I have had limited testimony about the impact of these errors on Miss F despite asking for this. And so, I've based my findings on the information I have. I am sure Miss F was concerned by the prize money going missing given that she's agreed to raise this complaint. It seems to me the inconvenience caused to Miss F in raising this complaint has been limited, despite its duration, given that her mother has been acting on her behalf. That being said, I have no doubt that she's been annoyed by the impact on her mother. And given she was present for all of the six calls, I recognise this would have been somewhat inconvenient for her. Taking everything into account, I think that the £130 that NS&I has now offered is reasonable in the circumstances.

My final decision

My final decision is that I direct NS&I to do the following:

- Pay Miss F £130 total compensation for the distress and inconvenience caused. My understanding is that it has already paid her £80 and so it should pay the remainder.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 13 October 2025.

Jade Cunningham
Ombudsman