

## **The complaint**

Miss H complains that when she applied to National Savings and Investments (NS & I) to open a Guaranteed Growth Bond (GGB), the application was cancelled. It was only reinstated when she paid back an overpayment of interest. She further complains that it has repeatedly failed to explain properly how the figure was calculated.

## **What happened**

In October 2023 Miss H contacted NS & I as she had wanted to invest a substantial sum in a GGB but hadn't been given the correct advice about how to fund it. As a resolution NS & I advised that she could purchase the GGB using funds from her Direct Saver Account (DSA). It paid her £50 compensation for the confusing advice.

However Miss H also found that response letter to be confusing. In respect of this, in April 2024, NS & I paid Miss H a further £75 compensation, and explained that the option to purchase the GGB was still open. To do this, in May 2024 Miss M transferred funds from her DSA. NS & I had agreed that it would backdate the application to October 2023. In June 2024 NS & I wrote to Miss H to explain that because of the GGB being backdated to October 2023, and she had received interest on her DSA from that date, it had overpaid interest to her. As a result her DSA was now overdrawn by £480 (as a round figure). As NS & I doesn't allow overdrawn accounts, the purchase of the GGB was cancelled. To allow the transaction to proceed, Miss H was asked to pay back the £480.

Miss H says she didn't receive any correspondence from NS & I during that period, and only noticed that the purchase of the GGB had been cancelled when she checked the position online. She repaid the £480 and the purchase of the GGB was reinstated. However she says that she has never received a proper explanation from NS & I nor the calculation of the interest.

On referral to the Financial Ombudsman Service, our Investigator said that NS & I hadn't provided clear and effective communication to Miss H when she asked for an explanation about the interest overpayment. As a result she proposed that NS & I pay a further £150 compensation.

Miss H felt that although our Investigator had explained the position to her concerning the interest, she still hadn't received a calculation as to how it was applied. NS & I has said it is reviewing the position but hasn't so far provided a response on this issue.

The matter has been referred to me for an Ombudsman's consideration.

## **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.

Just to make things clear, I do consider that NS & I did resolve Miss H's original complaint about the purchase of the GGB, and the confusing advice surrounding that. It paid a total of £125 compensation and allowed Miss H to purchase the GGB outside the time period for eligibility.

Miss H's complaint really surrounds the issue of the £480 that she had to pay back in order for her purchase of the GGB to go ahead. Whilst NS & I did write to her to explain the position, she says she didn't receive those letters. And she also says that when NS & I sent copy letters it repeatedly failed to send its original letter giving an explanation. NS & I isn't responsible for letters going missing in the post and they appear to have been addressed correctly. But when Miss H found that her purchase had been cancelled and contacted it in June 2024, it didn't really make the position clear. She says that having been supplied with a copy of NS & I's explanation, she didn't really understand it.

Having considered the various letters and explanations given by NS and I, I do think that it requires careful reading to try and understand its position. I believe that Miss H was happy with the explanation given by our Investigator to her. My understanding is that when the GGB was opened in June 2024, it was backdated to October 2023 for interest purposes. However in April 2024 Miss H had received interest on her DSA which means that the two accounts were both earning interest on the same funds. So she had to repay some of that interest.

Miss H has said she found the statement for her DSA to be confusing. It shows the money going out of her account to purchase the GGB, then shows the £480 going out as an interest adjustment. At that point, the statement shows a balance of £480. However, I think this should read -480. NS & I's screenshot of the statement does show this. When the GGB was cancelled the £480 came back into the account, and when it was reinstated, it went out of the account again. And the deposit of £480 by Miss H then rectified the position.

So with our Investigator's help, I believe Miss H understands why she had to pay the £480. But she still hasn't been given a calculation as to how this figure was produced. NS & I did offer for one of its customer service agents to talk to her about it, but I believe that she prefers a written explanation. I will direct it to do so accordingly.

For the overall way in which NS & I dealt with the matter I do think that Miss H has shown that she was struggling to understand why she was required to make payment. I don't think that NS & I's letters made it very clear. And it failed to provide a timely response when she raised her queries by e-mail. So, I concur with our Investigator that NS & I should pay £150 compensation. I should make it clear that this is on top of the compensation it paid for the original complaint issues.

### **Putting things right**

I require NS & I to pay Miss H £150 compensation.

I further require NS & I to set out its calculation of the interest repayment required, showing the interest rate applied and the period over which it has been calculated.

### **My final decision**

I uphold the complaint and require National Savings and Investments to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 26 June 2025.

Ray Lawley  
**Ombudsman**