

The complaint

Mrs C complains about how National Savings and Investments (NS&I) calculated her interest payments on her account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in detail. In summary Mrs C contacted NS&I in November 2024 to question the interest she had been paid on her Income Bond over a number of years.

Mrs C felt she had been underpaid interest and by her calculations she should have received significantly more interest than she did – so she complained. NS&I investigated her concerns but said the interest had been paid correctly and in accordance with the account. It confirmed the historical interest rates that applied to Mrs C's Income Bond account. So it didn't uphold her complaint.

Mrs C remained unhappy so referred her complaint to our service. An Investigator here looked at what had happened, and she came to the view that NS&I hadn't done something wrong. In short, the Investigator said that she was satisfied an error hadn't been made in any interest calculation.

Mrs C didn't agree with the Investigator. She said she was still unable to understand the substantial variations in the interest paid to her. She said she didn't think the interest rate variations occurred as frequently as NS&I had indicated. She also said the statements set out the interest rate for the relevant period. And finally she says she wasn't told about any interest rate changes.

As an agreement couldn't be reached the complaint has been passed to me to make 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.

I've carefully read all of the correspondence sent to this Service. That being said, my decision won't address every point or comment raised. I mean no discourtesy by this, it simply reflects the fact our Service is an informal dispute resolution service, set up as a free alternative to the courts. So, in deciding this complaint I've focussed on what I consider to be the heart of the matter, rather than considering every issue in turn.

It's clear that Mrs C isn't happy with NS&I's calculations, or explanation, around the interest applied to her account. She's questioned the figures and the method several times and not received a reply to her liking. That, of course, will be frustrating for her – but even so, I don't think there's much more (if anything) that I can compel NS&I to do in this regard.

I say that because NS&I has already provided information on the interest associated with

Mrs C's account. It's unlikely to be able to add anything further on the matter and, knowing what it's already provided Mrs C and us, I've no reason to think otherwise. I wouldn't reasonably expect NS&I to keep returning to this point if it's already offered what it practically can.

NS&I have told us that the interest applied to Mrs C's account was in line with the terms of the account. While Mrs C feels she should have received a higher interest amount as per her statement from April 2022 – NS&I have confirmed that the statement provided to Mrs C only has the final interest rate available in that tax year, so whatever the rate was when the statement was produced. As this was a variable interest rate account no doubt that the rates have fluctuated throughout the year, and I don't think that's unreasonable.

NS&I terms and conditions set out how Mrs C would be informed about the changes in the interest rates and how her interest would be calculated. Any changes to the rates would have been updated on its website and in literature. It would only contact the customer if the rates went down – but during the period Mrs C has complained about, the rates generally only went up.

It also set out how the interest is calculated on the account:

"we calculate the interest earned on your Income Bonds account, based on the balance at the end of each day. (We calculate the daily rate by taking the current yearly rate and dividing by 365.) We then round that month's interest up or down to the nearest penny. Provided the interest earned is at least one penny after rounding, we pay it to your nominated account on the 5th day of the month. If the 5th is not a banking day, we will pay the interest on the next banking day."

So while I appreciate the statement highlighted the end of the financial years interest rate – this didn't apply for the whole statement period and NS&I have reasonably explained why – setting out that the daily interest earned each month is calculated on the rate available at the time. As the interest is paid on the 5th day of each month the interest can also vary from month to month depending on the length of the month, even if the interest rate remained the same at the time. Considering this information, I'm satisfied NS&I haven't acted outside of the terms and conditions of Mrs C's account.

It would be useful to explain that our role isn't to act as an auditing service, and we're not the regulator. Simply put it isn't for us to check the interest calculations under dispute here in detail. Nor can I force a business to change the way it operates or reasonably require NS&I to continue to engage with Mrs C on this point, particularly if I'm satisfied – as I am here – that it's already provided a reasonable amount of information.

So, although I accept Mrs C wants more specific detail, and that NS&I's answer isn't as she'd like it, I don't think I can fairly require NS&I to take further action. Instead, as I've mentioned above, I consider it to have provided an appropriate level of information to explain and demonstrate how interest is calculated and paid to her. As a final note, I will say that if NS&I thinks it can add anything further to what it's already explained to Mrs C – then I'd surely encourage it to do so.

If Mrs C still maintains that something is wrong, or even if she'd simply like a professional opinion, she could, for example, instruct an expert to review her statements and the calculations and information provided by NS&I. However any cost she may incur in obtaining this would be for her to bear.

My final decision

For the reasons mentioned above, I don't uphold this complaint.

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

Jag Dhuphar
Ombudsman