

The complaint

Mr B complains National Savings and Investments (NSI) allowed him to make an incorrect payment to an unknown third-party. He also complains about the service he received from NSI.

What happened

Mr B wanted to cash in and transfer £3,000 worth of his premium bonds (PB) to a third-party bank account in his name. He explained he logged in online to his PB account on 17 March 2025 and arranged the sale and transfer, using a prepopulated drop-down option for the account he wanted to send the funds to.

On 27 March, Mr B realised the funds hadn't reached the account he had sent them to, so contacted NSI. Mr B realised he had sent the transfer to an incorrect account number. Mr B said NSI initially explained the funds would '*bounce back*', but this didn't happen.

Mr B explained NSI sent him a copy of documents relating to the transaction on 7 April. NSI told him to provide this to the third-party bank the payment had gone to, to trace it. NSI has since confirmed it shouldn't have asked him to contact the receiving bank or have sent this information to him. The letter was also mis-dated 23 April 2021. NSI began the recall process for the payment shortly afterwards.

Mr B contacted NSI throughout April, May and June, both parties know about these contacts so I will not repeat them in detail here.

Mr B accepts he sent the funds to the wrong account number, explaining he likely entered the account number incorrectly when he set up the payee details several years ago. However, Mr B reasons NSI is responsible for the transaction going astray, as it didn't use the Confirmation of Payee (COP) system which would have prevented this mistake.

Mr B also complains NSI's online process for arranging transfers only shows the last few digits of the account number funds are being sent to. Therefore, Mr B couldn't see the incorrect numbers, which were in the first few numbers of the account number.

Mr B described NSI's processes as '*wholly inadequate*', explaining there also wasn't an option for him to verify the payment account details in full before confirming. Mr B also complained about the service and support he received from NSI.

Mr B wants NSI to refund him the £3,000 and compensation.

NSI wrote a final response letter to Mr B. It said it had acted on Mr B's instruction when it made the payment to the incorrect account number. NSI apologised for the confusion caused by the letter it sent incorrectly dated 23 April 2021, where it had asked Mr B to initiate a trace through the receiving bank.

NSI paid Mr B £125 compensation for the inconvenience caused by the poor customer service it had identified.

NSI wrote a second response to Mr B in August 2025. It explained it hadn't been able to recover the funds but had tried to on a '*best endeavours basis*'. It confirmed it had contacted the beneficiary bank and explained the £3,000 had successfully credited a third-party's account. NSI provided personal details of the individual for the '*purpose of seeking legal advice/taking legal action in attempting to recover the funds.*'

NSI has provided our service with evidence regarding the trace and how the incorrect account number was entered on their system by Mr B.

The evidence provided by both parties show the account number in question had the second and third digits entered incorrectly. NSI provided evidence from its logs showing this account number was incorrectly entered in 2021. NSI also said previous payments had gone to a different account Mr B had opened his PB account with in 2012, and the account in question hadn't been used. NSI offered a further £50 compensation following our contact with it.

Our investigator contacted the third party-bank involved. It provided evidence it had contacted its customer who had received the funds twice in writing, asking for permission to return the funds. The third-party bank said it hadn't received authority from the individual, so couldn't send the funds back to NSI. It also provided copies of the letters it had written to its customer.

Our investigator didn't think NSI had acted fairly. They explained they didn't think the recall process was followed correctly by NSI. They thought NSI should have started the refund process on 27 March, when Mr B first contacted it to advise the funds were missing.

They also thought there were further delays when NSI provided a letter dated 23 April 2021 (sent approximately 7 April 2025) asking Mr B to contact the receiving bank. Our investigator explained this wasn't the correct process and NSI didn't start the recall process until 14 April.

Furthermore, our investigator thought the evidence showed NSI knew the recall had been unsuccessful from 7 May, but didn't tell Mr B until 17 June, despite several contacts with NSI after the recall had been unsuccessful. NSI then sent a final letter to Mr B over two months later, in August 2025.

However, our investigator recognised Mr B ultimately sent the funds to the incorrect account. Our investigator therefore didn't think it was fair to hold NSI responsible for a refund of the £3,000. They also said the evidence provided by the third-party bank suggests it was unlikely the funds would have been recovered, even if NSI had acted more swiftly.

Our investigator recommended NSI pay a total of £300 for the distress and inconvenience its poor service had caused Mr B.

NSI accepted our investigator's view, Mr B did not. As Mr B rejected our investigator's recommendation his 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 appreciate how strongly Mr B feels about his complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

I appreciate Mr B will be disappointed with my decision, but having independently reviewed the evidence available, I agree with the comprehensive recommendation of our investigator in full. However, I will add my additional thoughts below.

Mr B has accepted he likely entered incorrect details for his third-party account several years ago. The evidence I have seen strongly supports this is the case, I am therefore satisfied it isn't in dispute Mr B instructed NSI to send funds to an incorrect account number.

Having accepted Mr B, and not NSI, made the error which led to the transaction going to an incorrect payee, the issue left for me to decide is whether NSI followed the correct procedures for obtaining a refund. These are set out in the Credit Payment Recovery Operating Guide (CPR).

I do understand Mr B is dissatisfied with the checks and balances in place when he made the payment, explaining part of the account number (frustratingly the part that was incorrect) was not visible on screen when he made the payment. I can appreciate Mr B's position regarding this and can follow Mr B's thoughts here, that if the full account number been visible, he may have recognised the number was incorrect and not made the payment.

However, NSI has decided this is how it wants its systems to work. I would add, in my experience, it isn't unusual for third-party account numbers not to be fully visible or available on many businesses platforms when making payments. This is often for security reasons, where the business chooses not to reveal full details to make transactions more secure.

Furthermore, I am mindful Mr B would have been the only person able to add or remove accounts linked to his PB account. I am satisfied it is reasonable further details would not have been necessary in these circumstances.

As I have said, this appears to be how NSI designed its system to work, and it is therefore also a business decision NSI is entitled to make. Businesses make such decisions based on an array of reasons, including appetite for risk and security. Our service doesn't have the power to change such processes or procedures.

I note Mr B has raised issues about the lack of COP checks, which may have alerted him to this payment going to an incorrect payee. COP often only occurs when a new payee is added and the first payment made; checks are not usually conducted when payments are instructed to a payee already set up. This system was primary set up to stop fraud between 2020 and 2024, with most businesses adopting it between 2022 and 2024.

In the circumstances, I wouldn't have necessarily expected a COP check to have occurred. This is because the payee was set up several years before, and mostly likely before any COP obligations on NSI.

Moving on to the service aspects, there are clear indications of poor service, which our investigator commented on at length, and I agree with. In summary, NSI shouldn't have said the funds would bounce back within 15 days during a telephone call. I also note the poor service Mr B received, such as the incorrectly dated and incorrect information in a letter, I also accept there was a delay in beginning the recall.

In addition, the CPR states the recovery process should have begun within two working days of Mr B notifying NSI of the payment, with it providing an answer within 20 working days. This didn't happen, and NSI didn't comply with these time frames.

I can see this would have clearly caused Mr B additional distress and inconvenience to an already upsetting and difficult situation. There were several avoidable small mistakes, with an impact over a period of several weeks. I therefore agree with the total compensation our investigator has recommended, which I am satisfied is in line with what our service would expect in the circumstances.

Finally, I would like to express my sincere sympathy for Mr B situation, I appreciate this must have been upsetting for him. I am pleased to see NSI has already provided the details Mr B needs to pursue his claim against the third-party. This is what our service expects when the process to recover funds under the CPR process hasn't been successful.

My final decision

For the reasons I have given, my final decision is I require National Savings and Investments to pay Mr B a total of £300 compensation, minus any compensation already paid, for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 February 2026.

Gareth Jones
Ombudsman