

The complaint

Ms S is unhappy that National Savings and Investments (“NS&I”) didn’t action her account withdrawal request in a timely manner.

What happened

Ms S holds an account with NS&I which is marketed by NS&I as being an easy access account. In November 2020, Ms S wanted to withdraw a significant amount of money from her account. Ms S contacted NS&I by telephone but was unable to answer the security questions to allow her request to be actioned. Ms S therefore provided a withdrawal instruction to NS&I online.

The withdrawal request was flagged by NS&I for further security checks. However, these checks weren’t completed until late December 2020 – approximately 22 working days after the withdrawal request was received by NS&I – and Ms S didn’t receive her money until the first week of January 2021. Ms S wasn’t happy about this, especially as the delay had caused her to miss out on the opportunity to buy a house overseas that she’d already incurred costs on. So, she made a complaint.

NS&I looked at Ms S’s complaint. They felt that the withdrawal had been legitimately flagged for further security checks, and also noted that a combination of high work volumes and low staff numbers as a result of the impact of the Covid-19 pandemic meant that it hadn’t been possible to process the request faster. Because of this, NS&I didn’t uphold Ms S’s complaint.

Ms S wasn’t satisfied with NS&I’s response, so she referred her complaint to this service. One of our investigators looked at this complaint. They agreed that it had been fair for NS&I to have flagged the withdrawal request for further security checks, and they felt that NS&I’s explanation of why those security checks had taken so long was reasonable. However, they did feel that Ms S had incurred a degree of trouble and inconvenience because of what had happened and so recommended that NS&I pay £75 compensation to Ms S because of this.

Ms S remained dissatisfied, so the matter was escalated to an ombudsman for 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 issued a provisional decision on this complaint on 5 April 2022 as follows:

I’m aware that Ms S is unhappy with what she feels was NS&I incorrectly recording the answers to her telephone security questions meaning that she unable to answer them to NS&I’s satisfaction when asked. I can appreciate Ms S’s frustrations in this regard, but I don’t feel that I can fairly or reasonably find against NS&I here and I feel that it was reasonable for NS&I to have not actioned the withdrawal request that Ms S wanted to make when she spoke with them on the telephone.

In circumstances such as this, financial institutions such as NS&I have processes in place to enable their customers to verify themselves via other means and to reset the security question answers - and I can see that this process was initiated. However, given that Ms S then successfully provided the withdrawal request online, I'm satisfied that there wasn't an unreasonable delay in regard to Ms S progressing her withdrawal request as she wanted to.

I'm also satisfied that having received the withdrawal request it was reasonable for NS&I to have flagged that request for further security checks before transferring the money. One reason I say this is because like all financial institutions, NS&I have a responsibility to protect their customers' money and ensure that requests such as withdrawal requests are only actioned to legitimate recipient accounts.

However, I don't feel that the amount of time that it took for NS&I to complete the additional security checks – approximately 22 working days – is reasonable in this instance. I note NS&I's explanation that they had a high volume of requests whilst having low staff numbers as a result of the Covid-19 pandemic, but I feel it's important to note that these events took place in late 2020, several months after the pandemic started. As such, I feel that it was incumbent on NS&I to have had contingency plans for staff shortages in place at that time, and I don't feel it's fair that Ms S should be asked to bear the consequences of NS&I being unable to process her withdrawal request in a reasonable timeframe in these circumstances.

Ms S has explained that she instructed the withdrawal to facilitate the purchase a house overseas. Ms S has provided invoices for travel and hotel expenses, as well as an invoice for a survey completed on her instruction on the house. Ms S feels NS&I should reimburse these costs to her – given that the purchase of the house fell through on 15 December 2020, at which time the withdrawal funds that Ms S had requested over two weeks earlier hadn't been received from NS&I into her account.

I can appreciate Ms S's position here, and I feel that it's reasonable for Ms S to have acted on the basis that she'd be able to withdraw money from an 'easy access' account such as she held with NS&I within a two-week timeframe so as to have been able to complete the purchase of the house as she intended.

Because of this I do feel that NS&I should reimburse to Ms S the cost of the survey – which amounted to 423.50 Euros – as I feel that the cost of this survey was a loss that Ms S incurred as a result of not being able to progress with the house purchase, which I'm satisfied was itself a result of her not receiving the withdrawal funds that she requested from NS&I within a reasonable amount of time.

However, I don't feel that I can fairly ask NS&I to reimburse the cost of the flights and hotel as Ms S would like here. This is because Ms S was still able to use the flights and the hotel booking if she wanted to, even though I acknowledge that the option to complete the house purchase during that trip wasn't available to Mrs S as she intended.

As such, my provisional decision here is that I will be upholding this complaint in Ms S's favour and that I will be instructing NS&I to make a payment to Mrs S equivalent to 423.50 Euros in order to reimburse to Ms S the cost of the survey on the overseas property which I feel she was unable to purchase because of the unreasonable delay in completing the security checks on her withdrawal request by NS&I.

Additionally, my provisional decision will also include that NS&I must make an additional compensation payment of £300 to Ms S, which I feel more fairly compensates Mrs S for the trouble and upset that she's incurred here. In arriving at this figure I've considered the considerable stress and frustration that Ms S has confirmed to this service that she experienced as the date by which she had to provide a deposit on the overseas property in order to retain an interest in it approached, and then passed.

Ms S has also referenced lost interest on the withdrawal balance. But given that Ms S intended to use this money to fund a property purchase, I don't feel that she would have retained the money in order to have benefited from any interest on it, and as such I remain satisfied that the reimbursement and payment of compensation referred to above represents a fair resolution here.

In my provisional decision letter, I gave both Ms S and NS&I the opportunity to provide any comments or new information they might wish me to consider before I moved to a final decision. NS&I confirmed that they were happy to accept my provisional decision, whereas Ms S did provide some further points for me to consider.

Ms S asked me to consider the context of the circumstances surrounding the complaint in more detail, including that she felt from the poor standard of service that she was receiving that NS&I might collapse and that she might lose the entirety of her money held with them. I can appreciate how Ms S might have worried about her savings, but it's a feature of NS&I that it's backed by HM Treasury and as such provides a guarantee that 100% of its customers' money is protected.

Ms S also explained that she felt that NS&I were being deliberately obstructive regarding her withdrawal request. I've seen no evidence of this, although as explained in my provisional decision letter I do feel that it was reasonable for Ms S to have expected to receive her withdrawal funds sooner than she did.

Ms S has also questioned the viability and practicality of NS&I's security questions, and believes that it isn't reasonable for NS&I to expect customers' to remember information such as is required by NS&I in order to pass the security screening. Again, I can appreciate Ms S's position here, but it isn't within the remit of this service to instruct NS&I to change their processes in this regard. Additionally, as explained in my provisional decision letter, I'm satisfied that Ms S was able to provide an effective withdrawal request via an online channel such that her being unable to pass the verbal security questions had minimal effect.

Finally, in regard to the reimbursement of the survey fee as instructed in my provisional decision, Ms S notes that exchange rates have moved against her since that time, and asks that this instruction be that NS&I reimburse to her the GBP cost that she paid for the survey at that time, rather than the cost in Euro's converted to GBP using today's exchange rates. Ms S notes that this would equate to a reimbursement of £385, rather than £353. Ms S's request here seems reasonable to me, and NS&I have confirmed that they're happy to accept this point also.

All of which means that, having considered the further points that Ms S has raised, it remains my position that a fair resolution to this complaint is that NS&I should reimburse to Ms S the original GBP cost of the survey as well as make a compensation payment to Ms S of £300. I acknowledge that Ms S feels that a greater degree of compensation should be instructed in this instance because of the worry that she felt at that time, but having considered Ms S's position, I continue to feel that £300 is a fair award of compensation in this instance.

As such, I can confirm that my final decision will be that I am upholding this complaint in Ms S's favour on that basis.

Putting things right

NS&I must make a payment of £385 to Ms S to reimburse to her the cost of the survey as explained above.

NS&I must also make a further payment of £300 to Ms S to compensate her for the trouble and upset this matter has caused.

My final decision

My final decision is that I uphold this complaint against National Savings and Investments on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 25 May 2022.

Paul Cooper
Ombudsman