

The complaint

Mr H complains about National Savings and Investments' ("NS&I") handling of his applications to purchase Premium Bonds and the service received when calling them.

What happened

Mr H made two separate applications to purchase Premium Bonds for his niece. On both occasions, NS&I didn't complete the application and refunded Mr H's funds to his account. On the third attempt, the application was completed. Mr H says, when his first two applications were declined, he complained as he wasn't told the funds would be returned to him and he had to make several phone calls to find out what was happening, but his calls weren't returned. Mr H says he missed prize draws and NS&I say they've dealt with this but Mr H isn't convinced they have.

NS&I responded and explained the evidence of identity wasn't processed in time so they were unable to complete the application. NS&I accepted they'd received it within the required timeframe, so it should've been processed. NS&I apologised for not notifying Mr H the money had been returned to his account – they say in such situations they do send a letter to the customer who made the purchase. They say the request for evidence of identity was sent to the responsible person, but they can't be held responsible if this was lost by the postal service. They noted Mr H had called them multiple times and despite his request for a return call, these weren't returned – this includes a return call by a manager. They said they're able to follow a process called retrospective prize draw and once the application for Premium Bonds is complete, they will complete this process to see if there were any prizes won. NS&I said compensation of £75 had already been paid to Mr H and they'd arranged for a further payment of £50 to be made.

After considering all of the evidence, I issued a provisional decision on this complaint to Mr H and NS&I on 30 May 2022. In my provisional decision I said as follows:

"The Premium Bond applications

I can see Mr H made an application for £2,000 of Premium Bonds on 10 February 2021. NS&I then sent out a letter dated 12 February to the responsible person explaining someone had bought Premium Bonds as a gift for their child and they now required proof of the child's identity to complete the application. They set out a list of identity documents and ask for one document from the list to be provided – one of the documents on the list is a certified copy of the child's birth certificate. NS&I say they need to receive a reply by 3 March. And, if they don't hear back by then, they won't be able to complete the application and will refund the money back to the person who purchased the gift. NS&I then write to the responsible person on 8 March to say they hadn't heard back within the required 21-day period so they can't accept the application. They say they've refunded the purchase money to the account it came from.

Mr H makes a further application on 13 March and NS&I send the same letter asking for documents to the responsible person on 15 March – they ask for these to be

returned by 3 April. NS&I then send a letter dated 7 April explaining they can't accept the application and set out the same reasons as their letter dated 8 March. Mr H then applied again in May and the sale was completed following evidence of identity being received within the 21-day timeframe.

In their letter requesting documents, NS&I do make it clear they require an identification document in order to complete the application. They also confirm the steps they'll take if they don't receive the information requested by the deadline date. In relation to the first application, I can't see any identity documents were sent and received. So, I don't think it was unreasonable for NS&I to not complete the application and return the funds to Mr H.

In relation to the second application, NS&I say the evidence of identity document – in this case, a birth certificate - was sent and received, but it was received after the deadline date. So, this application also couldn't be completed. Mr H says he checked with the responsible person and they confirmed the evidence of identity document was sent and he also says, during a call with NS&I, an agent confirmed it had been received. I've also seen from NS&I's complaint response, they say "Regrettably, as the Evidence of Identity was not processed in time we were unable to complete the application" and "We should have processed the Evidence of Identity in time as we received it within the allotted timeframe." I can therefore understand why Mr H believes the evidence of identity was received before the deadline date of 3 April. NS&I say this was an error and the complaint handler misunderstood the position and said the refund was made to Mr H's account due to NS&I not processing the evidence of identity in time. NS&I say this is incorrect and the reason the refund was made to Mr H was because the evidence of identity wasn't received in time.

Given the conflicting information, I've looked to see what the evidence shows. NS&I have provided an incoming document spreadsheet which shows they received the child's birth certificate on 6 April. The spreadsheet contains information about customers and what evidence of identity has been submitted and the date it was received.

However, I can't say I'm persuaded by this as it's a spreadsheet and it's not clear how the information is populated – whether that's done manually or electronically. And, if it's the latter, then where that information is pulled through from. So, I don't think this provides persuasive evidence the birth certificate was received on 6 April. NS&I have also provided a screenshot of their system which shows the evidence of identity document was scanned on 6 April. I accept there is evidence of a timestamp here, but this shows the date the document was scanned, not received.

I am however persuaded by track and trace information provided by NS&I. A form sent with the birth certificate contains a tracking number. NS&I have provided a screenshot of the track and trace service which shows the same tracking number and shows the documents were delivered to the post office on 1 April 2021. Mr H has also provided a certificate of posting – showing the same tracking number – which shows the evidence of identity was delivered to the post office on 1 April. NS&I say this was a Thursday, and 2 and 5 April were bank holidays. NS&I say the next working day was 6 April, which is when they received the documents.

I can't see the track and trace information shows if, and when, the documents were signed for. Mr H says the postal service suspended signatures around this time due to Covid-19 restrictions. Given that 2 and 5 April were bank holidays, I've considered whether it's likely the evidence of identity might've been received on Saturday 3 April – which was the last day of the deadline. The certificate of posting shows the sender

paid for the 'Signed for 1st' service. I've been on the postal service's website and this shows they operate a 'Special Delivery Guaranteed by 1pm' service and a 'Guaranteed Saturday delivery' service. The price for these, based on the weight of the document, is £6.85 and £11.22, respectively. The price paid for postage in this case was £2.25, so I don't think the service paid for would guarantee delivery by 3 April. Taking this into account, I believe, on the balance of probabilities, it's more likely than not, the evidence of identity was received by NS&I on 6 April – which means it was received late. And therefore, I don't think it was unreasonable for NS&I to not complete the second application.

Service issues

Firstly, I've looked at the service given to Mr H. The key facts about this part of the complaint aren't in dispute. NS&I have admitted they got things wrong by not notifying Mr H about the applications not being completed and not returning his calls. The only issue I have to decide is whether their offer to put things right is fair and reasonable.

I think it's right that NS&I should compensate Mr H for the inconvenience caused by their poor service. To help decide what a fair and reasonable level of compensation should be, I've looked at the errors by NS&I and what the impact of those errors have been.

Mr H says he had to make multiple calls and NS&I also confirm this. There's no dispute that calls weren't returned, and this includes calls which should've been returned by a manager. It's clear Mr H was becoming frustrated and the level of his frustration increased when, even after escalating his concerns and being assured a manager would call him, his calls still weren't returned. This then leads to Mr H writing directly to a senior member at NS&I. It's clear also, based on the number of calls made by Mr H, he was anxious to know what was going on each time his funds were returned and what NS&I were doing to resolve his concerns. In addition to this, Mr H was also understandably shocked to receive his funds back twice without any notification to say the applications hadn't been completed. I can see NS&I have paid a total of £125 as compensation, but I don't think this goes far enough to fully reflect the impact on Mr H.

I say this because Mr H was led to believe there was a delay in NS&I processing the evidence of identity so I can understand why this caused further upset and frustration at a time when Mr H was already worried. NS&I have told our service this information was incorrect and shouldn't have been included in the complaint response but that doesn't change the fact that receipt of this caused Mr H to believe NS&I were at fault and question why they can't rectify the issue if they accept they'd made an error in processing the document. It was only when our service became involved that NS&I clarified the position and confirmed the evidence of identity was received after the deadline date. So, to reflect the worry and upset caused to Mr H as a result of this, I think it would be fair for them to pay an additional £75 compensation – this would bring the total compensation paid to £200."

So, subject to any further comments from Mr H or NS&I, my provisional decision was that I was minded to uphold this complaint.

Following my provisional decision, NS&I have responded to say they agree with my recommendations. Mr H has responded to say he accepts but has raised further points he would like considered. Mr H says his complaint wasn't about compensation but to highlight changes in practice required at NS&I. Mr H also feels calls between him and NS&I should've been listened to and NS&I did have staff working over the bank holiday weekend.

Given that both parties have responded, I see no reason to delay making 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.

Having done so, I see no reason to depart from my provisional decision. So, I've decided to uphold the complaint for the reasons set out in my provisional decision and copied above.

I wish to reassure Mr H that I have carefully considered the points he has raised but I've addressed only those which I believe are relevant to my decision. I acknowledge Mr H's point that this complaint hasn't been driven by compensation but by changes he feels should be made in NS&I's processes. I understand Mr H has been left frustrated with NS&I's processes, but our service doesn't have power to direct a business to change their processes. Our service's role is to consider whether a business has acted fairly and reasonably but we can't require a business to change their processes.

I acknowledge Mr H's point about the phone calls between him and NS&I, but I don't feel it was necessary to listen to these calls. There is no discourtesy intended here but NS&I accept they'd made errors in not returning calls – so this wasn't in dispute. I note Mr H's point about being told the evidence of identity had been received, but NS&I accept this was said in error. And, the evidence I've seen shows it's more likely than not the birth certificate was received after the deadline. While staff at NS&I might well have been working over the bank holiday weekend, I don't believe this demonstrates the birth certificate was received by the deadline of 3 April. I've placed more weight on the track and trace information I've seen together with evidence of the postage service the sender paid for. And, based on this, I believe, on the balance of probabilities, the birth certificate was received on 6 April.

Putting things right

I've taken the view that NS&I have made errors in not notifying Mr H about the applications not being completed, not returning his calls and providing him with incorrect information about receipt of the evidence of identity. This has led to Mr H being upset, worried and frustrated. So, in addition to the £125 already paid, NS&I should pay Mr H a further £75 to bring the total compensation paid to £200.

My final decision

My final decision is that I uphold the complaint. National Savings and Investments must pay Mr H a further £75 to bring the total compensation paid to £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 July 2022.

Paviter Dhaddy
Ombudsman