

The complaint

Mr Z is unhappy that National Savings and Investments (NS&I) rolled over his matured fixed-term investment bonds into new fixed-term investment bonds without his consent.

What happened

Mr Z held three fixed-term investment bonds with NS&I which all matured in January 2021. In July 2023, Mr Z contacted NS&I to enquire about his bonds as he had lost touch with them. NS&I explained to Mr Z that as pre-maturity letters had been sent to him which outlined his options at that time and explained that if Mr Z didn't contact them then the bonds would be automatically rolled over into new fixed-term investment bonds. Mr Z wasn't happy about this, especially as he hadn't received any pre-maturity correspondence from NS&I. So, he raised a complaint.

NS&I responded to Mr Z and confirmed that they had sent pre-maturity correspondence to Mr Z regarding all three bonds. As such, NS&I didn't feel they'd done anything wrong by rolling over the matured bonds into new bonds as they had. Mr Z wasn't satisfied with NS&I's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel NS&I had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr Z 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.

It's clear that the terms of the bonds in question include that the bonds will be rolled over into a new bond of the same term at the point of maturity, if no alternative instruction is provided by the bond holder. This is as per the Customer Agreement as follows:

"What happens at maturity?"

We'll contact you to let you know your options at least 30 days before your Bond matures. Your options will normally to:

- *Reinvest your money in a new Bond of the same term (which will normally happen automatically if you don't give us different instructions)*
- *Reinvest your money in a new Bond of a different term*
- *Cash in your bond to get your money back, together with interest*

Mr Z has said that he didn't receive any pre-maturity correspondence from NS&I advising him that his Bonds were maturing or of his maturity options. However, I'm satisfied from the information provided to this service by NS&I that they did send pre-maturity letters to Mr Z at

the contact details Mr Z had registered with them.

Mr Z has explained that NS&I have told conflicting information about the letters they sent to him. This includes that Mr Z was told that the letters had been returned to NS&I on a not-known-at-the-address basis, which Mr Z disputes given that he's lived at the same address for many years and has received numerous letters from NS&I to that address previously. And it also includes that Mr Z was told that a fraud block which he has on his NS&I account at his own request – and which has been in place for nearly twenty years – contributed to the non-delivery of his letters.

I don't doubt Mr Z's testimony here. However, based on the information I have available to me, I feel that what's happened in this instance is that the NS&I agents that Mr Z spoke with and who investigated his dissatisfaction about the automatic roll over of his bonds made mistakes in the information they provided to Mr Z. Indeed, NS&I have confirmed as much in their submission to this service, which noted that Mr Z had been incorrectly told that the fraud block present on his account had led to correspondence not being sent to him.

However, as explained above, NS&I have provided copies of the sent letters which show that they were addressed correctly to Mr Z – to the address which Mr Z has provided to this service as being his own – as well as screenshots of their systems which show that the letters were dispatched. And because of this I find NS&I position, that they did send the pre-maturity letters to Mr Z – to be persuasive.

Furthermore, NS&I have also confirmed that as well as the pre-maturity letters, they also sent emails to Mr Z which reminded him of the impending maturity of his bonds. And I also feel that, as the bond holder, it was Mr Z's responsibility to have monitored his NS&I account and to have been aware himself of the maturity dates of his NS&I investments - independent of any reminders that NS&I sent to him.

As such, I don't think that NS&I acted unfairly by reinvesting Mr Z's bonds into new bonds of the same term as they did. This is because I'm satisfied that the automatic reinvestment of the bonds into new bonds of the same type, in the absence of any instruction to the contrary from Mr Z, was in accordance with the terms of the bonds. And because I'm satisfied that Mr Z should reasonably have been aware that his bonds were maturing, either from the information NS&I sent to him about the upcoming maturity or from his own monitoring of his NS&I account.

Additionally, the terms of the NS&I bonds also include that money can't be withdrawn from the new bonds until the date of maturity of those bonds – which in this instance was January 2024. This is again as per the Customer Agreement for the bonds, as follows:

“No withdrawals until maturity

A Guaranteed Growth Bond is a fixed-term investment and has to be held for the full term. This means that you won't be able to reinvest or withdraw your money until it matures.”

Of course, Mr Z may argue that he wasn't aware of the terms of the new bonds – which had changed in 2019, during the three-year term of his maturing bonds – because he wasn't aware that his old bonds were maturing and would be reinvested into the new bonds with those changed terms.

But, as I hope I've made clear above, I feel that Mr Z should reasonably have been aware that his bonds were due to mature and would be reinvested in the manner that they were if he provided no alternative instruction to NS&I. And because of this, I feel that if Mr Z wasn't

aware of the new terms of the bonds, that it's Mr Z himself who should fairly be considered responsible for this – in part because, ultimately, it's Mr Z's responsibility to monitor his own accounts – and so isn't something I'd hold NS&I accountable for.

I've also reviewed the history of the bonds held by Mr Z. And having done so it's evident that this isn't the first time that bonds have been automatically reinvested by NS&I following the non-provision of any alternative instruction to NS&I by Mr Z.

Indeed, one of the bonds in question here was initially purchased by Mr Z in January 2015 and matured in January 2018, at which time it was reinvested as a new three-year bond by NS&I automatically because no alternative instruction to do otherwise was received. And this reinvested 2018 three-year bond was then automatically reinvested again for the same reason in January 2021 – about which Mr Z now complains. As such, given that the exact same sequence of events about which Mr Z now complains took place three years previously, in January 2018, I feel this is a further reason why Mr Z should have been aware that his bonds would be reinvested by NS&I in that manner that they were in January 2021.

Finally, while I note and sympathise with Mr Z regarding the health issues he has experienced in recent times, it doesn't appear that Mr Z made NS&I aware of these health issues. And I also don't feel that Mr Z making NS&I aware would have affected what has happened here – given that, even in consideration of Mr Z's health issues, the maturity of the bonds and their automatic reinvestment, had Mr Z not given any alternative instructions to NS&I, would still have taken place.

All of which means that I don't feel that NS&I have done anything wrong or acted unfairly here. Rather, I feel that NS&I have acted in accordance with the terms of the bonds. And I feel that the reason Mr Z wasn't aware of the reinvestment of his bonds is because Mr Z appears to have lost track of his NS&I investments himself, rather than because of any failing on the part of NS&I.

I realise this won't be the outcome Mr Z was wanting, but it follows that I won't be upholding this complaint or instructing NS&I to take any further or alternative action here. I hope that Mr Z will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 28 March 2024.

Paul Cooper
Ombudsman