

The complaint

Mr S complains about the approach National Savings and Investments (“NS&I”) has taken to strong customer authentication.

What happened

Mr S has several products with NS&I and accounts with a number of other businesses too.

Mr S has a computer upstairs and uses a call-blocker on his landline to protect himself from scam calls. He says he can programme his call-blocker to accept or reject calls made to his landline – if he receives a call from a number he wants his call-blocker to trust he presses the * key on his keypad and if he receives a call from a number he wants his call-blocker to automatically block he presses the # key on his keypad. He also says he can “disconnect” his call-blocker, but it’s a lengthy process and it leaves him open to scam calls as he has to go up and down stairs each time he wants to “disconnect” and “re-connect” his call-blocker.

In August 2022 Mr S contacted NS&I to say that it had made changes to its approach to strong customer authentication that meant he had to “disconnect” his call-blocker every time he needed to authenticate. That’s because, according to Mr S, the changes NS&I made meant he had to press the * key on his keypad in order to receive one-time passcodes which in turn triggered a message from his call-blocker saying the number had been added to his trusted list. That message meant he never hears the first digit of his six-digit one-time passcode. Mr S says the agent he spoke to suggested he get a mobile phone. Mr S was unhappy with NS&I’s response – including the agent’s comments about getting a mobile phone – so he complained.

NS&I looked into Mr S’s complaint and said that he’d need to disable his call-blocker when attempting to authenticate or he’d need to provide NS&I with an alternative number. In the meantime, NS&I said his comments about the problems customers with call-blockers might have had been passed onto its customer feedback team. NS&I apologised that its agent had suggested he get a mobile phone saying that he shouldn’t have been advised he’d need to do this. NS&I offered Mr S £40 in compensation for the frustration this had caused. Mr S wasn’t happy with NS&I’s response to his complaint and so complained to our service. He said he didn’t want to complain about the fact that he’d been told he needed to get a mobile phone – as he felt NS&I’s offer of compensation fairly resolved that issue – but he did want to complain about the fact that NS&I had made changes to its approach to strong customer authentication that caused problems for people who used call-blockers. He said that NS&I shouldn’t ask customers to press keys on their keypads reserved for other functions in order to receive a one-time passcode, and that based on the research he’d done into the approach other businesses were taking that it didn’t need to do so either.

One of our investigators looked into Mr S’s complaint and said that they didn’t think NS&I had done anything wrong, so they weren’t going to uphold Mr S’s complaint. They said that NS&I’s one-time passcodes worked when Mr S disconnected his call-blocker meaning the issue was with Mr S’s call-blocker and not NS&I. Mr S disagreed and told us that there had been developments too. He told us that NS&I had seemingly changed the number from which its one-time passcodes were sent meaning they no longer came from a number that

his call-blocker recognised as trusted. And that NS&I had started asking customers to press the # key when receiving one-time passcodes to confirm an instruction given. In other words, NS&I had started asking customers to press the key that his call-blocker uses to automatically block calls coming from that number in the future.

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.

In January 2024 I issued a provisional decision upholding Mr S's complaint and said I was minded to award him £200 compensation for the time and effort he's spent on this issue, and the frustration that he's had to experience as a result of not being able to operate his NS&I products as easily as he'd like to. I also said I hoped NS&I had, in the meantime, been able to come up with a more helpful solution to Mr S's problem than the idea that he disconnects his call-blocked every time he wants to manage his NS&I products. Both parties were invited to respond. Only NS&I did. NS&I didn't come up with a "more helpful suggestion" – it said that the only solution was for Mr S to temporarily remove the blocker. That's disappointing.

Here's what I said in my provisional decision:

"I don't think it was unfair or unreasonable of NS&I to make changes to its processes in order to implement strong customer authentication. Those are, after all, important measures to combat fraud. And I don't think Mr S is in principle against the idea of strong customer authentication – his complaint has more to do with the manner in which NS&I has gone about implementing strong customer authentication.

Businesses were left to decide, by and large, how they went about implementing strong customer authentication as long as they met certain requirements. For example, they had to make sure that when they authenticated their customers they did so using two different and independent factors. The FCA also issued guidance making it clear, for example, that businesses should offer non-mobile alternatives when coming up with ways to authenticate. That's because the FCA recognised that there would be people who don't own, or cannot use, a mobile phone, including people with protected characteristics and it wouldn't be fair to in effect exclude them from online banking and shopping. Most businesses took these factors into account when designing and implementing changes to ensure they could authenticate customers when necessary.

*In this case, I can see that Mr S has commented favourably on aspects of NS&I's approach to implementing strong customer authentication. For example, he's said that they were one of the earliest businesses to offer the option of sending one-time passcodes to a landline. I can also see that Mr S is less complimentary about NS&I's thinking around call-blockers. I don't think I would necessarily have expected NS&I – or any other business in its position – to have anticipated each and every potential issue when rolling out changes introducing strong customer authentication. So, I don't think I would necessarily agree that NS&I did something wrong when it decided to ask its customers to press the * key or the # key on their keypads when receiving one-time passcodes. But I do think NS&I was on notice that this was causing a number of its customers problems when it started to receive complaints about how its approach to strong customer authentication was impacting customers who use call-blockers. And I don't think I agree with NS&I that the solution was to tell its customers – including Mr S – to switch off their call-blockers. In short, I'm minded to uphold this complaint as I do think NS&I should and could have come up with more helpful suggestions or workarounds once it was on notice that customers with call-blockers were having problems.*

Mr S accepted £40 in compensation for an agent of NS&I telling him that he was disappointed that he didn't have a mobile phone, and that he should get one. I've heard that call and the comment clearly upset and angered Mr S. For that reason, having considered the time and effort Mr S has spent on this issue, and the frustration that he's had to experience as a result of not being able to operate his NS&I products as easily as he'd like to, I'm minded to award him £200 in compensation. In the meantime, I hope NS&I has been able to come up with something more helpful."

As I've already mentioned, NS&I's response to my provisional decision – and to the helpful and constructive feedback that Mr S has given in relation to the problems the design of its system causes to people using call blockers, in particular the use of the * key or the # key when receiving a one-time passcode and the problems this causes – was disappointing. I can see other businesses have been able to roll out strong customer authentication solutions without relying on the * key or the # key, so it's clear that Mr S unplugging and plugging his call blocked isn't the only solution. However, as Mr S hasn't responded, and given what he's said previously about compensation and amounts that he's considered fairly compensated him, I'm still minded to make the award I said I would in my provisional decision notwithstanding NS&I's disappointing response.

Putting things right

Given what I've just said, I'm going to uphold this complaint and require NS&I to pay £200 in compensation in full and final settlement of this complaint.

My final decision

My final decision is that I'm upholding this complaint and require National Savings and Investments to pay Mr S £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 April 2024.

Nicolas Atkinson
Ombudsman