

The complaint

Mr D complains that National Savings and Investments (NS&I) reinvested his matured Bond funds into a low paying Bond without his knowledge.

What happened

Mr D says that he opened a Bond with NS&I in January 2018 for three years. Mr D says that in 2021, he read from a national newspaper that matured NS&I accounts would be transferred to high interest accounts, so he left the account to continue, but when he needed to reset his NS&I password, he discovered his account was only earning 0.4%, when it had previously been earning a much higher rate of interest. Mr D says he tried to access these funds for a number of months, but he says he wasn't allowed access or to reinvest this money. Mr D says that they had reinvested his matured funds without his knowledge. Mr D made a complaint to NS&I.

NS&I did not uphold Mr D's complaint. They said that they provide customers with 60 days' notice before a detrimental change is applied to their investment. They said as such the maturity packs they sent him (30 days before maturity) explained this change and they also advised that they were giving an additional 30 days for him to make up his mind after the maturity date. NS&I said the new terms came into effect on 1 May 2019 and these were publicised in the press and on their website, and these new terms were then applied to maturing investments at the date of maturity. Mr D brought his complaint to our service.

Our investigator did not uphold Mr D's complaint. He said Mr D was provided with maturity instructions, and NS&I also sent emails to Mr D in December 2021 and January 2022 which said they had made an important change to NS&I Guaranteed Growth Bonds, and they said that he wouldn't be able to cash it in before the new maturity date, so he would need to hold the Bond for the full term. Our investigator said that although Mr D said he missed the emails as he no longer had access to this email address and that these would've been returned undeliverable, he didn't think NS&I acted unfairly by solely using the email address to communicate. He said they used the email address on the account – and they confirmed none of the emails bounced back.

Mr D asked for an ombudsman to review his complaint. He said he never received a notification from NS&I, and he only became aware of the new account when he tried to recover his password in September 2022.

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.

Mr D has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

NS&I have confirmed that Mr D has been registered for paperless communication since he

opened an account in 2015. As such, their communication has been through secure messages and emails. I can see that they have sent the emails to the registered email address that Mr D gave them. Mr D has told us that it seems at some stage around February 2020, during the initial stages of the pandemic, his email box was cut, so any emails to this address would have been returned to sender as they were not delivered.

But NS&I have confirmed that none of the emails they sent him bounced back. So while I don't doubt what Mr D has said about not finding out about the new Bond until September 2022 when he rang to reset his NS&I password, in order to uphold his complaint, I would need to see if NS&I acted against the terms of the account.

NS&I met their responsibility to inform Mr D that his account was maturing. They both emailed him and sent him a secured message. But Mr D didn't receive these because his email box was "cut" in his words, and it's likely he couldn't view the secured messages because he needed his password resetting, which only happened in September 2022.

But it is Mr D's responsibility to keep his contact details up to date with NS&I, or to let them know if he can't successfully use his online password. So as NS&I had sent the required communication to Mr D using the registered email address they had on file for him, then I can't say they acted against the terms of the account. They sent Mr D an email which informed him they had sent a secure message about his maturing investment and asked him to log in to read it. They also told him they had made some important changes to the NS&I Guaranteed Growth Bonds which meant he wouldn't be able to cash it in before the maturity date and he would need to hold the Bond for the full term. The email also introduced a 30 day cooling off period.

So I'm satisfied that NS&I gave the required 60 days' notice that their terms require for the change, as Mr D's email was sent to him in December 2020, with his account maturing on 30 January 2021. And then he had another 30 days cooling off period. So he did have 60 days in total. The secure message gave Mr D options of what he could do with the matured funds. Option one was to reinvest for another three years.

The communication said *"On its maturity date your Guaranteed Growth Bond will automatically start a new 3-year term at the new rate of 0.40% gross/AER*, unless you choose option 2 or 3. Even if the rates on offer for Guaranteed Growth Bonds fall between now and the maturity date, you'll still earn the rate quoted above if you renew your investment for a further term of the same length. If the rates go up between now and the maturity date, you will receive the higher rate".* It goes on to say *"For option 1, you don't need to do anything - we will renew your Bond automatically if we don't hear from you by 3pm on 28 January 2021".*

So as NS&I did not hear from Mr D by 28 January 2021, they renewed his Bond in line with what they said they would do. And when Mr D did not contact them prior to the cooling off period ending, this meant he was then unable to access this Bond until the maturity date apart from exceptional circumstances.

So NS&I acted in line with how we would expect them to act for someone receiving paperless communication, even if Mr D didn't see this communication. They sent this to the registered email address, and they have confirmed the emails they sent didn't bounce back, so they would be unaware of any issues.

Mr D ought to have been reasonably aware that his bond was due to mature, so it would be reasonable for him to expect to receive communication from NS&I, which was set out in his terms that they would communicate with him prior to maturity. So it would have been proportionate for Mr D to contact them when he heard nothing about the maturity. And as

I've seen no evidence that Mr D contacted them to change his email address or to tell them he couldn't access his online account prior to their maturity, or to ask them to send paper communication to him if he knew his emails had been cut off, then I'm satisfied NS&I acted in line with the terms of the account.

NS&I have confirmed that Mr D's email address is still the email address that he says is cut off. So Mr D may wish to contact NS&I to change this (or to ask them to turn off paperless communications) to avoid the same scenario occurring when his renewed Bond matures.

I've then considered what happened when Mr D found out the Bond had been renewed for another three years. He told them his personal circumstances and why he needed to access money from the Bond. NS&I have told us that they can allow in exceptional circumstances for funds to be released from the Bond, such as in extreme financial difficulty. But they have said that Mr D had funds in other holdings with them that he could use instead of releasing this from the Bond, and therefore they were unable to agree to release funds from the renewed Bond.

I'd like to explain to Mr D that it is not within this service's remit to tell a business what specific exceptional circumstances should occur in order for them to release funds from a renewed Bond. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct NS&I to make changes to their policies and procedures, if necessary. So as I've not seen that NS&I have made any errors in how they've handled the maturity or his cancellation request, it follows that I don't require NS&I to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 December 2023.

Gregory Sloanes
Ombudsman