

## The complaint

Mr W has complained about the responses he has received from National Savings and Investments ('NS&I') after his premium bonds did not win prizes for three consecutive months.

## What happened

Mr W did not win a prize under his premium bonds between February and April. When he contacted NS&I to check that his bonds were being entered into the monthly draw, he was told that the prize machine (commonly known as 'ERNIE') randomly generates winning bond numbers. However Mr W complained that NS&I was not answering his request for it to check that his bond numbers were in the prize draw.

In response NS&I accepted that the service it had provided Mr W with when he had rung to discuss his bonds had caused him difficulties, and it paid £100 compensation to reflect this. In relation to not winning prizes in recent draws, NS&I said that Mr W's bonds had taken part in all draws since they had become eligible, and that they would continue to do so until they're repaid. It stated that the prize machine is entirely impartial in generating winning numbers.

NS&I said that Mr W's bonds have the same chance of being selected as any other bonds, and it makes no difference when or where the bonds were bought, what the prefix is, or whether the bond is a single unit or part of a larger block of numbers. NS&I commented that winning is a matter of chance. It also confirmed that each month statistical tests on the bond numbers generated by ERNIE are carried out by the Government Actuary, who is independent of NS&I. This is to ensure that each eligible bond has an equal chance of winning a prize.

Mr W was dissatisfied with NS&I's response and brought his complaint to this service. He clarified that he was unhappy his bonds had not won a prize for three consecutive draws, but his main concern was *"that NS&I do not accept that they **may be** [Mr W's emphasis] responsible."* He said that it was not impossible, but it was very unlikely, that he would not win any prizes with 50,000 premium bonds. Mr W said that he only wanted NS&I to check that his bond numbers were used in the draws when the randomly generated numbers were compared with the premium bond numbers.

Mr W said that ERNIE generates a vast quantity of random alpha numeric strings, or numbers. He confirmed he's satisfied that this process is independently monitored, and that ERNIE shows no bias. However Mr W's concerns related to when the random numbers are compared with the existing bond numbers, and a prize is awarded if the bond is eligible. Mr W stated: *"Clearly this cannot be done manually so presumably all of the premium bond numbers are stored in a computer which then undertakes the comparison and this is where I believe the problem lies."*

In summary he explained that he wanted to check that his bond numbers had not mistakenly been classified as ineligible to win a prize, and that they are in the computer database so are used in the monthly comparison with the numbers generated by ERNIE. Mr W questioned

whether NS&I had satisfactorily addressed the issues he had raised with it, and he forwarded email exchanges with NS&I.

Our investigator did not uphold this complaint. He stated that on balance he considered Mr W's bonds were being included in the prize draw, and he considered compensation of £100 paid for poor service provided by NS&I was reasonable.

Mr W disagreed with the investigator's findings. He stated that the probability of 50,000 premium bonds not winning any prize in three draws is 1,265:1. Mr W said that with this level of improbability, it was difficult to conclude that his bonds had been included in the draw.

With regard to the compensation payment of £100 for poor service, Mr W said that this had no relevance to the content of his complaint. He also questioned what evidence had been provided to show that NS&I's assurances that his bonds remained in the prize draw were accurate. Mr W indicated that he considered NS&I should be required to produce definitive proof that his bonds were in the draw for the months that he had won no prizes.

The investigator responded that NS&I had said that Mr W's bonds were in the prize draw, and that all eligible bonds are included in the checks to find winning bonds. He said that he did not need to see unequivocal evidence to show that Mr W's bonds were in the draw in order to reach a fair outcome in this complaint.

In response Mr W indicated that the probability of an event not occurring (in this case not winning any prize in three months from 50,000 premium bonds) must be relevant to investigating why that event had not occurred. He suggested that the investigator's assessment relied entirely on the word of NS&I, and the notion that its systems are foolproof – both of which Mr W indicated he did not accept. He asked that his complaint be referred to an ombudsman for further consideration.

### **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.

The crux of Mr W's complaint is that he does not consider NS&I has adequately proven that his premium bonds were included in three consecutive draws where he received no prize. I appreciate that initially when Mr W rang NS&I questioning why he had not won any prizes, the response he received was that he had simply been unlucky.

However on 5 April NS&I provided Mr W with a lengthy explanation about how the premium bond prize draw works. NS&I highlighted that there will never be a guarantee that prizes will be won for any bondholder. It stated that after ERNIE randomly generates numbers, these are compared electronically with the bond numbers that its customers hold. Where there's a match, a prize is assigned to the bond. NS&I commented that the draw operates in such a way that it is impossible for eligible bonds not to be included in it.

Later, in its formal response to Mr W's complaint on 8 April, NS&I stated that his premium bonds had *"taken part in all prize draws since they became eligible and will do so until they are repaid."*

Mr W has suggested that in considering his complaint, it is not reasonable to rely on NS&I's statement that his bonds have been entered in all the prize draws. He has also said that no system is foolproof. While acknowledging his comments, I would reiterate what our investigator has said about how this service considers complaints. I am required to

determine issues based on the balance of probabilities – in other words, what is more likely than not in a particular situation.

Mr W says that the odds of him not winning any prizes for three months, taking into account the number of bonds that he holds, makes this so unlikely that the conclusion should be that his bonds have not been entered in the draw. I have carefully considered what he has said, but I would not agree with the conclusion that Mr W has reached.

As NS&I has explained, there is no guarantee that a bondholder will win a prize in the monthly draws. In terms of the evidence provided, NS&I has submitted its records showing that Mr W holds premium bonds. It has also shown that he received prizes in the months before those highlighted by Mr W when he did not.

I note that in his correspondence with NS&I, Mr W explained that in January 2024 he was outside of the UK and found himself locked out of his online account. He had to respond to a number of questions from NS&I over the phone in order to reinstate his account access, and he commented that since then he had won no prizes. Mr W did accept that that might be coincidental, but he asked that NS&I check that his bonds were included in the February to April draws.

In response, NS&I has stated Mr W's bonds were in those draws. I appreciate that Mr W considers NS&I should be required to provide further proof that this was the case, beyond what it has said. But on balance my view is that it is reasonable to conclude that Mr W's bonds were in the draws. They are classified as eligible, and I consider NS&I has sufficiently shown that more likely than not, they were in the February to April draws.

From Mr W's perspective, it is unfortunate that he did not receive a prize in the three months identified. And I appreciate that he is likely to be disappointed in my findings. However, my conclusion on balance is that NS&I is not at fault in this matter.

For completeness, although I note that Mr W says this does not form the content of his complaint, I consider the £100 compensation payment made to him for poor service is appropriate in the circumstances of this complaint.

### **My final decision**

My final decision is that the payment of £100 compensation by National Savings and Investments to Mr W is reasonable in all the circumstances.

I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 June 2024.

John Swain  
**Ombudsman**