

The complaint

Mrs G complains National Savings and Investments (NS&I) didn't pay her interest.

What happened

Mrs G's daughter, Miss G, helps Mrs G with her banking and is representing this complaint. For ease, I'll refer to Mrs G through the decision, even if some of the things I talk about were done by Miss G.

Mrs G was checking her banking and saw NS&I hadn't paid her interest for a couple of months. Mrs G spoke to NS&I and raised a complaint.

NS&I responded to say it didn't know why the interest hadn't been paid, but had gone out to another department to find out. NS&I paid £75 to Mrs G to compensate her for the inconvenience.

Mrs G complained again, as she hadn't agreed to the £75 compensation, but had been paid it, and she was unhappy NS&I couldn't read out its first response over the phone or send it by email.

NS&I apologised for not reading out the first response and said emails aren't secure. NS&I said its process was to pay any offered compensation to the account details it held.

Unhappy with this response, Mrs G brought her complaint to this service. An investigator looked into things and thought Mrs G's complaint should be upheld.

NS&I explained Mrs G had asked to withdraw money and the receiving account couldn't be verified. NS&I blocked payments out of Mrs G's accounts. Mrs G had rung in the same day, verified the account and made the payments.

NS&I admitted it hadn't removed the block properly, and this stopped the interest being paid. NS&I increased its offer to £100 in total.

The investigator thought NS&I should pay £200 in total. The investigator explained the missing interest payments had caused some loss of trust between Mrs G and Miss G.

NS&I agreed with the investigator's outcome. Mrs G didn't, as NS&I had made the same error on a second account. When Mrs G tried to complain, she was directed back to this service, so Mrs G asked for an ombudsman to decide things.

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.

I contacted NS&I and it had taken Mrs G's second complaint forward, and sent a final

response. Because this is a separate complaint, I won't be commenting on it here.

And there's little dispute with what went wrong here. I think NS&I took a reasonable decision to block Mrs G's account when it couldn't verify an account money was to be paid to. This seems a sensible decision to take, to protect Mrs G from fraud.

But once Mrs G had called in and authorised the withdrawal, NS&I should have removed all the blocks. NS&I's admitted it didn't remove all the blocks and this caused the missed interest payments.

Mrs G's explained she needs the interest payments to live on, so not having the payments caused her some worry about her financial position.

Not removing the blocks also had an effect on Mrs G's relationship with her daughter. Miss G helps out with her mother's banking, and when the interest payments effectively went missing, it caused some distrust between them.

And NS&I's first response was, I think, poor. It didn't explain why the interest payments were missed but paid compensation for this, even though the problem wasn't resolved. I think NS&I should have looked to resolve the issue first, then respond to the complaint.

I can't compensate Miss G for any of the distress or inconvenience caused to her, she's not got a relationship with NS&I relevant to this complaint. But I do think Mrs G was caused a fair amount of distress and inconvenience, because of NS&I's error and because of its response to her complaint.

I can't punish NS&I for its errors, but I can compensate Mrs G for the specific effect NS&I's handling of her interest payments had on her. Overall, I think a total payment of £200, to compensate Mrs G, is a fair amount to pay.

My final decision

My final decision is I uphold this complaint and NS&I should pay Mrs G a further £125 to compensate her for the distress and inconvenience she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 8 January 2024.

Chris Russ
Ombudsman