

The complaint

Mr M complains about the National Savings and Investments service when he took out Premium Bonds in one of his children's names.

What happened

Mr M sold a property and decided to deposit the proceeds into Premium Bonds with NS&I for safe keeping.

As his funds were greater than the £50,000 maximum deposit, he placed funds in both his and his child's name. However, his child was about to turn 16 years and, after 10 days, he lost control of her account, and his funds were no longer visible to him on the NS&I online portal.

Mr M was initially alarmed and worried that he no longer had access to his funds. Also, he is dissatisfied that NS&I didn't explain this to him when he spoke to them over the phone, as he could've otherwise put his funds in his younger child's name.

Mr M complained to NS&I. They said that their terms and conditions clearly state that once a child turns 16 years old, they become the main account holder and must look after this account themselves. They said this is explained in their Premium Bond brochure and that it's the customer's responsibility to fully understand the product and requirements before making the purchase.

Mr M accepts he didn't read all of NS&I's terms and conditions but feels strongly that NS&I should've informed him, especially as his child was due to turn 16 days after making the purchase.

Mr M escalated this matter to our service, but our investigator didn't uphold his complaint.

As Mr M remains dissatisfied, this case has now been referred to me to look at.

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.

Having done so, I'm not upholding this complaint. I appreciate this will be disappointing for Mr M and the following are the reasons for my decision.

I should first explain that:

- Our service provides free, informal dispute resolution for individual complaints brought by consumers against a financial services provider but we haven't been set up to be a consumer champion.

- We're completely impartial and don't take sides. Our role is to reach a fair and reasonable decision taking into account the facts of each individual case.
- As we aren't the regulator of the financial services industry, I can't tell a business to make alterations to their policies, procedures, processes or systems.

I requested and listened to a recording of Mr M's call with NS&I when he discussed setting up an account in his child's name. Although it was clear that Mr M was planning to temporarily hold his funds in his child's name because of NS&I's maximum limit, Mr M stated that his child was 15 years old and, despite the NS&I representative clarifying the 16-year age limit on several occasions, Mr M didn't say they would soon be approaching this age.

Also, at the start of the call, Mr M said he could no longer see his older child's account on the NS&I on-line portal, and he asked the representative to confirm if this was because they were 17 years old. And the representative confirmed this and clarified that the account would've gone into his own name when he became 16 years old. Furthermore, the call concluded with Mr M discussing plans to soon transfer the account to his partner.

So, having considered this call, I think it was reasonable of the NS&I representative to consider that Mr M was fully aware of the age limit, on-line visibility and not probe to ascertain his child's date of birth.

I then looked closely at NS&I's 24-page brochure called 'Key features and customer agreement'. I'm satisfied that Mr M received this and I found it to have a clearly marked section named 'Premium Bonds for children'. Mr M's child already held an account and, as he was increasing the balance and opening another account in his name, I do think he should have read this section which said:

- *'Any Bonds bought and any prizes paid in relation to them will belong to the child. The parent or guardian will have responsibility for managing the Bonds and any prizes paid for the child's benefit. The child will then begin to manage their own Bonds when they reach the age of 16'.*

Also, I think it's reasonable for NS&I to send the full terms and conditions out rather than read them over the phone.

As mentioned, I can't tell NS&I to make policy, process or system changes so customers and / or guardians are advised about on-line access. However, although Mr M didn't get this type of alert he would've expected to see, I'm satisfied that NS&I acted fairly and reasonable by explaining a child becomes responsible for their own holding at 16 years.

So, having considered all the above, I'm not upholding this complaint.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 February 2024.

Paul Douglas
Ombudsman