

The complaint

Mrs S complains National Savings and Investments (NS&I) reinvested her bond into a lower interest rate product without any prior advice or her authority.

What happened

Mrs S says she held a guaranteed income bond (GIB) with NS&I and in January 2022 it reinvested the bond into a two -year GIB without prior notification, at a much lower rate of interest. Mrs S says her affairs are looked after by a family member and given her age and personal circumstances she doesn't make use of online services. Mrs S says she instructed NS&I in early December 2021 to reinvest the maturing GIB into a three-year bond.

Mrs S says NS&I placed her maturing GIB into a fixed bond at an interest rate that is now earning her around £870 less per month in interest and has caused her upset and worry. Mrs S wants NS&I to pay her the interest she should have earned on the GIB.

NS&I says Mrs S registered for online and telephony services in February 2017 and it had subsequently advised her by way of email in January 2020 that it would be moving to a paperless service. NS&I says it sent reminders regarding the GIB maturity to Mrs S by way of email and secure message in early December 2021, informing her of what actions to take before the maturity date in January 2022.

NS&I says no reinvestment instructions were received by Mrs S, so in line with the terms of the maturity instructions letter it sent by email, it renewed the GIB for a further two years - albeit Mrs S did have a further 30 days cooling off period, but nothing further was heard from Mrs S.

NS&I says it then heard from Mrs S in February 2023 requesting for the GIB to be cancelled, but that couldn't be arranged as the bond was fixed for two years. NS&I doesn't feel it has done anything wrong.

Mrs S wasn't happy with NS&I's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says from the information she'd seen, Mrs S had registered for online services in 2017 and NS&I had acted reasonably when it informed Mrs S in 2020 it was moving to a paperless service. The investigator says she has seen evidence that NS&I had sent secure messages and emails to Mrs S prior to the maturity of the GIB advising her what actions were required on its maturity in January 2022 and what would happen if no instructions were received. The investigator says NS&I had shown that Mrs S had logged on to her account profile in December 2021, shortly after the email regarding the maturity had been sent- so it was likely this would have been seen by Mrs S.

The investigator says the GIB bond maturity letter clearly stated the new interest rate that would be payable on the two-year bond and that her bond would be reinvested into that bond if no further instructions were received. Additionally, the investigator says Mrs S was given a 30-day cooling off period by NS&I and felt it hadn't acted unfairly here.

Mrs S didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

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 won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting for Mrs S to see the income from her GIB reduce so significantly and to be tied into a new GIB for a further two years. When looking at this complaint I will consider if NS&I acted fairly when it reinvested Mrs S's maturing GIB for a further two years, on its maturity in January 2022.

The background to this complaint is well known by both parties so I don't intend to repeat everything that's been said before, as I don't feel it's necessary to come to a full and impartial decision here.

In essence Mrs S's complaint centres around the fact when her GIB matured in January 2022, NS&I without prior notification, or her instructions, rolled the GIB into a new two-year fixed bond at a much lower rate of interest. Mrs S also says she gave instructions in early December 2021 to NS&I, that on maturity, to reinvest the GIB into a three-year GIB.

The first thing to say here is that interest rates on savings products generally at the time of the maturity of Mrs S's GIB in January 2022, had reduced significantly from the time Mrs S previously reinvested her GIB. So, there was little likelihood Mrs S would have achieved the interest rate she had previously enjoyed for either a two- or three-year GIB.

While Mrs S says she doesn't use online services and that is understandable, we have been informed by NS&I she did register for online and telephony services back in 2017, perhaps at a time when this was more manageable for her. NS&I have evidenced it sent an email to Mrs S, as a registered online user, in January 2020 that it was moving to a paperless service, but I can't see that was ever responded to by Mrs S suggesting this wasn't acceptable. In any event this was a business decision for NS&I to take, so I can't tell it otherwise.

NS&I have also provided this service with evidence that emails and secure messages were sent to Mrs S in December 2021 advising her of the maturity of her GIB in January 2022 and what options were available to her and importantly if no instructions were received it would reinvest the GIB into a two-year GIB fixed for two years at an interest rate of .11%. While Mrs S says she instructed NS&I to reinvest her GIB for three years, NS&I have no record of that and unfortunately I can only consider the evidence available to me.

What has been evidenced to this service is that Mrs S did successfully log into her NS&I account in December 2021, around the time the emails were sent to her regarding the maturity of her GIB. So, on balance, in all probability it's likely Mrs S would have the option to read the emails NS&I sent, and I can't hold it responsible if having logged on to her account, she chose not to do so.

I now understand NS&I as a gesture of goodwill have since allowed Mrs S to break her GIB without penalty and I was pleased to hear she has invested these monies at a higher interest rate with another provider. In hindsight that's perhaps something she wouldn't have achieved if she had gone ahead locking into a three- year GIB in January 2022, with NS&I only

offering a modest improvement in the interest rate, over the two-year bond at that time.

So, while I do have some sympathy with Mrs S here, I am satisfied NS&I did provide her with sufficient information regarding the maturity of her GIB and what actions were needed from her, so I can't say it acted unfairly.

While Mrs S will be disappointed with my decision, I won't be asking anymore of NS&I here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 11 January 2024.

Barry White
Ombudsman