

## Our customers

**As our Service Delivery Measures show, throughout 2009–10 we continued to provide our customers with high-quality service. But what the measures don't show is a distinct shift in customer behaviour, with more and more customers choosing to interact with us directly.**

This year, 65% of all sales by value took place through our direct channels: online, on the telephone and by post. This shows that customers are more confident in dealing with us directly, and are benefiting from the extra control they have over their investments either through our call centre or online. It is also a continuing testimony to the quality of service delivered through our call centres and our operational delivery centres.

While we attracted new customers, many more chose to remain as NS&I investors – seeing us as a dependable home for their money in what remains a difficult financial environment. We were able to raise the interest rates on key products during the year and increase the prize fund rate for Premium Bonds as part of our goal to deliver fair rates, even while the base rate remained very low.

### Treating Customers Fairly

Firms regulated by the Financial Services Authority (FSA) 'must be able to demonstrate that they are consistently delivering fair outcomes to consumers and that senior management are taking responsibility for ensuring that the firm and staff, at all levels, deliver the consumer outcomes relevant to their business through establishing an appropriate culture'.<sup>2</sup>

Though NS&I is not formally regulated by the FSA (see page 33 for more details), we have identified Treating Customers Fairly (TCF) as an important principle for us to adhere to – and a way of demonstrating our commitment to customers. TCF has been at the heart of our business for a number of years and we have reviewed products and processes across NS&I to ensure that we continue to treat customers fairly in all our operations.

An internal audit review carried out during 2009–10 showed that we have embedded TCF within the business and are monitoring it with success. It confirmed that there is a consistent approach across all business areas, with senior management setting a good tone and a positive approach.

We hold monthly directorate meetings, where comprehensive management information is reviewed and challenged, with effective and robust processes for any issues to be escalated appropriately and on a timely basis. There is periodic reporting to relevant NS&I governance forums, which allow for additional oversight and challenge, giving the board confidence that we are conducting our business in a manner which ensures the fair treatment of our customers.

Our TCF plan is continually evolving and developing, and while the audit has confirmed that the controls in place over TCF are appropriate and operating as intended, there are areas where improvements to the current control environment can be made, particularly with our partner Siemens. We have worked closely with senior managers from Siemens to identify areas for improvement, and will be making further changes throughout the coming year.

As an ongoing measure of our customer service, we have for a number of years held Charter Mark accreditation – an independent award for service quality within the public sector. This year, the Charter Mark has been replaced by a new Customer Service Excellence award, which we achieved at the first assessment.

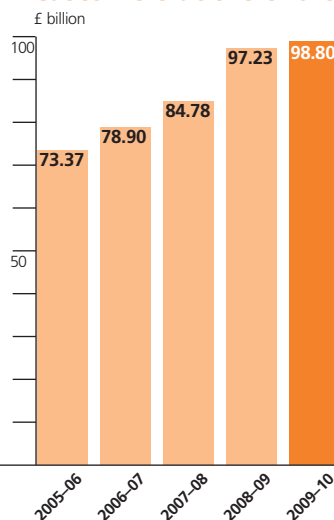
### Responding to service issues

Regrettably, there were two customer service issues of note during the year. The first, involving Inflation-Beating Savings, came about as a result of a sustained period of deflation – something we had not experienced since the product was launched in the mid-1970s. Having investigated the issue, we recognised that this meant that some customers who cashed in their investment early had received lower returns than they should have expected. We wrote to all customers affected, the majority of whom had not realised there was an issue, to explain how we would resolve it, and ensured that everyone

<sup>2</sup> Source: Financial Services Authority website, [www.fsa.gov.uk/Pages/Doing/Regulated/tcf/index.shtml](http://www.fsa.gov.uk/Pages/Doing/Regulated/tcf/index.shtml)

While we attracted new customers, many more chose to remain as NS&I investors – seeing us as a dependable home for their money in what remains a difficult financial environment.

### Total amount invested by customers at the end of the year



received both the correct returns and a discretionary payment to ensure that no customers suffered any financial loss. We also took action to correct our systems so that the problem could not happen again.

The second issue we experienced concerned Income Bonds, where we realised that a relatively small percentage of customers (but still 8,000 out of more than 250,000) had not received a monthly interest payment. This was an operational error which was the unintended consequence of a contingency plan to ensure that customers were not affected by the threatened postal strikes last autumn. Again, we recognised the issue swiftly, informed all customers affected, corrected the system and provided financial compensation.

### Understanding and responding to customer needs

We believe that understanding our customers is an essential part of ensuring that we meet their needs and can make decisions in their interest. As a result, we continue to run focus groups and formal surveys to assess satisfaction with our services and understand consumer savings habits. Our Quarterly Savings Survey (QSS) is a major part of this and is regularly cited in the media as an important indicator of saving behaviour.

We continued to support the Royal Horticultural Society's Grow Your Own campaign and our sponsorship of Classic FM, the Classical BRIT Awards, the Science Museum and – for the final time – BBC Proms in the Park. All five relationships help support our brand, raise the profile of our direct sales channels and provide a cost-effective way to engage with our customers.

### Reuniting savers with their assets

We continue to do all we can to reunite unclaimed monies with their rightful owners. The key method we use is the website [mylostaccount.org.uk](http://mylostaccount.org.uk), which was set up by NS&I in partnership with the British Bankers' Association and the Building Societies Association.

Now into its third year of operation, My Lost Account has helped NS&I reunite people with more than £200 million of savings. In 2009–10, NS&I conducted some 47,000 traces and reunited just under £80 million.

In addition, we actively promote information about unclaimed Premium Bond prizes on a regular basis – indicating where the owners of unclaimed prizes might live to encourage people to check their Bond numbers and come forward to claim their prizes.

### Helping customers make better financial decisions

This year saw further content added to [youandyourmoney.info](http://youandyourmoney.info), our website dedicated to providing practical, impartial financial information about important life events. We introduced a new section on later life – covering things such as planning for long-term care – and also made sure that there were links with [Moneymadeclear](http://moneymadeclear.com), the service established by the FSA and now run by the Consumer Financial Education Body.

We also began to offer the information available through *You and your money* as a series of printed booklets. These are now available free from over 315 WHSmith stores across the UK. The launch of the six personal finance guides was welcomed by a number of independent organisations including *Which?* and the Society of Later Life Advisers. Customer feedback on the guides has also been very positive.

### Unclaimed assets

	Held at 1 January 2010 £ million	Held at 1 January 2009 £ million
Accounts	490	481
Certificates	546	531
Bonds	2	21
Other closed products	28	30
Unclaimed Premium Bond prizes	9	9
<b>Total</b>	<b>1,075</b>	<b>1,072</b>

Unclaimed assets are defined as holdings with no activity or customer contact for a period of 15 years or more.