NS&I

Bereavement claims Quarterly update

4 November 2026

Introduction

On 19 May 2026, NS&I published a Delivery Plan setting out how we planned to contact, repay and compensate the estates of deceased customers who had not been repaid all of the money due to them following a bereavement claim.

This error happened because the search process used when handling a bereavement claim failed to identify all relevant NS&I products. The issue was resolved for current and new bereavement claims from January 2026 and operational processes changed so that it does not reoccur.

Our delivery plan set out how we would calculate what an estate would be paid, the tax treatment of these payments, and how and when we would contact affected estates. It also committed to publishing quarterly updates on progress. Today, we publish the first of these updates.

In May's Delivery Plan, I reported that we had made changes to how NS&I processes bereavement claims to resolve this issue. Our new, more robust bereavement claims tracing process, introduced in January this year, takes longer to carry out. Unfortunately, this meant that our response times temporarily worsened over the spring/early summer to eight weeks, while we trained and deployed more staff to manage claims.

I repeat the apology I made in May to those affected by these delays. NS&I has now returned to its normal response times and is responding to new claims within our service standard of 14 days.

Repaying estates the money that is rightfully theirs, compensating them for our error and restoring our normal high service standards are key steps in putting things right. However, we know that regaining the trust of our customers will only come when we can show over time that we have learnt broader lessons from the issue. We are committed to doing so.



Sir Jim Harra
Interim Chief Executive, NS&I

Recap: How we calculate what an estate will be paid

We are contacting all affected estates with holdings of £10 or more to reunite them with the full value of those holdings that should have been returned to them earlier. We will pay them an amount equal to the higher of either the interest accrued since the error occurred or the Bank of England base rate plus one percentage point, in line with Financial Ombudsman Service (FOS) principles.

Recap: Additional costs incurred as a result of receiving this payment

We know that some estates may incur additional professional services costs, such as legal or administration fees, as a result of receiving an unexpected payment from NS&I. When we write to personal representatives or executors with details of their payment, we set out the process for submitting a request for reimbursement of reasonable costs. We will review each one on a case-by-case basis.

Recap: Tax treatment

The Minister for Pensions, Torsten Bell MP, confirmed to the House of Commons on 19 May that there will be a full Inheritance Tax exemption for the holdings affected by the NS&I tracing error when they are returned to the estates to which they rightly belong. To further ease the administration of estates, the personal representatives or executors are not liable for any Income Tax ordinarily due in their role on interest accrued before death or in the administration period.

Recap: How we are contacting affected estates

We are contacting the personal representatives or executors of the deceased customers' estates. It is then for them to distribute the funds to the beneficiaries of the estate. NS&I is not contacting beneficiaries directly (except where, as is often the case, they are themselves the personal representative or executor).

We are working with specialist data search providers to ensure we have the correct address and contact details for each personal representative and executor. Once we have confirmed the contact details are correct, we write to apologise for our error, explain what has happened and confirm the amount the estate will be repaid, plus the compensatory interest payable.

Our letter also explains how the estate can reclaim any additional legal costs or administrative fees it incurs. We provide a dedicated NS&I telephone number for any queries.

We are undertaking reasonable endeavours to reach all estates impacted. Where this is not possible and an estate cannot be contacted, we will continue to hold the funds, and these will continue to accrue interest until the estate does get in touch and the funds and interest can then be repaid.

NS&I will contact those estates where the capital in the deceased customer's accounts plus accrued interest is £10 or over. The de minimis threshold is being set lower than seen in some redress cases, reflecting the priority attached to returning funds to those affected while avoiding creating disproportionate administrative burdens and disturbance in the cases of the smallest holdings. Amounts below £10 will be returned if an estate contacts us.

The number of customers affected

On 26 March 2026, NS&I estimated that around 37,500 bereavement claims with a total value of £476 million may have been affected by this issue. As the review has progressed, this number has reduced and is likely to reduce further. On 19 May 2026, when we published our Delivery Plan, our assessment was that up to 34,000 estates with a total value of approximately £367 million had been affected.

Since then, we have continued to analyse the data and now estimate that just under 30,300 estates with holdings of up to £181.90 million are affected. Of these, up to 15,600 have holdings of £10 and over.

NS&I has continued to review these estates to identify those with a tracing error. In late May, NS&I began contacting the estates identified to reunite them with the full value of their holdings and compensate them.

Circa 7,200 cases initially treated as affected by this issue have now been excluded, as they were current claims that have successfully been completed through normal processing. We expect the number of affected estates to continue to fall as our analysis continues. These cases are the main driver behind the decrease in the volume and value of affected cases shown in the tables below.

Date	Number of affected estates	Value of affected deposits
26 March 2026	Circa 37,500	£476.35 million
19 May 2026	Circa 34,000	£367.50 million
23 October 2026	Circa 30,300	£181.90 million

Date	Number of affected estates where value is £10 or over	Value of affected deposits where value is £10 or over
19 May 2026	Circa 18,500	£366.90 million
23 October 2026	Circa 15,600	£181.83 million

Progress in repaying affected estates

We issued our first letters to affected estates on 27 May 2026. The payments to these estates are issued within the next 15 working days. If a payment warrant is not cashed, we will make further attempts to contact the claimant.

Total current affected estates in scope for repayment and compensation at 23 October 2026	Total letters issues to in scope estates (warrants issued within 15 working days after initial letter)	Total in scope estates with casework underway but letter not yet issued
Up to 15,600	795 letters (613 warrants issued)	1,786

Total redress value to date - excluding compensatory interest	£3.06 million
Total redress value - including compensatory interest	£3.36 million
Average redress value - excluding compensatory interest	£4,992
Average redress value - including compensatory interest	£5,486
Highest redress payment value	£269,225
Lowest redress payment value	£11

We have 60 staff working on the repayment of affected estates. They are also handling queries and complaints we receive as part of the repayment process. To date, we have seen low levels of queries and complaints.

This is in addition to the 100 extra staff brought in to support the processing of current and new bereavement claims in spring 2026 to ensure NS&I returns to processing bereavement claims within usual service standards.

Queries received	69
Complaints received	1

When will the repayments process be complete?

NS&I continues to expect the scheme to be completed in the first half of 2027. While focusing on starting repayments, NS&I is also working with specialist data search providers and other government departments on more automated methods to gather the data needed to complete cases more efficiently, which will increase the rate of repayments going forward.

All figures quoted are correct as at 23 October 2026.

Our next quarterly report will be published in early 2027.