

The complaint

Mr M complains about the administration of an online bond by Bank of Ireland (UK) Plc trading as Post Office Financial Services (Post Office Financial Services). He complains about the document validation scheme when he opened the bond. Mr M also complains he was told he had to make his payment by cheque. He says these issues delayed the opening of his bond and that meant he lost interest which caused him stress and upset.

What happened

Mr M applied for an online bond at the end of June 2019. Mr M was asked to provide verification of his name and address. Mr M went to a local branch to provide the information and have it certified. Those documents were then sent to Post Office Financial Services.

Post Office Financial Services wrote to Mr M on 5 August 2019 informing him the document he had provided was not acceptable for proof of address. The letter explained there was a list of documents that were acceptable.

Mr M then provided the supporting document and a cheque for the monies to open the account. His documents were received on 15 August. The account was opened on 19 August 2019.

Mr M complained to Post Office Financial Services. He complained that he had been told his document was unacceptable even though he had been to the Post Office to have it certified. He said the Post Office branch should be held responsible as they had certified and sent off documents. Mr M also complained that he had been told to pay the deposit by cheque, but he had then become aware there were two other ways of making the deposit. He said Post Office Financial Services was treating him unfairly.

Post Office Financial Services didn't uphold his complaint. It said it had a legal duty to carry out verification checks. It said the original document sent by Mr M was not acceptable because only the first page of his bank statement was provided which didn't show any transactions. Post Office Financial Services said it wrote to Mr M on the same day the documents were received. It also said when an acceptable document was received on 15 August it processed Mr M's application, so his account was opened on 19 August.

Post Office Financial Services agreed that the branch should have noticed the first page of the document provided was insufficient for verification of address and should have asked Mr M for further documentation. It said this point had been fed back to the branch network.

It also said that the terms and conditions set out the three ways the deposit could be made. It said Mr M would have confirmed he had read, understood and agreed to those as part of the application process. It also said it asked Mr M for a cheque when it asked for further documents as this was generally the quickest way of making the deposit.

Mr M disagreed and referred his complaint to our service. He said Post Office Financial Services didn't properly check his documents and unfairly required him to make his deposit

by cheque. Mr M said he lost interest as a result of the delay and was caused considerable stress including loss of sleep.

Our investigator considered Mr M's complaint but didn't think it should be upheld. He felt Post Office Financial Services was entitled to ask for verification of Mr M's identity and address. The investigator noted that certification could be carried out by a third party as well as at the Post Office branch. The investigator didn't think the certification service could be reasonably expected to confirm that a document met the criteria for verification.

The investigator didn't think it was clear from the first page of the document provided by Mr M that it was a bank statement. He said Mr M would've had to return with a valid document in any event. So, he didn't think he had been caused further inconvenience by Post Office Financial Services.

The investigator also noted that the bond would run for two years from when Mr M opened it, so he didn't think he had lost out on the interest over that period.

He considered what Mr M had said about being required to provide a cheque, but he didn't think Post Office Financial Services had acted unfairly. The investigator said the terms and conditions of the bond set out the different methods of payment allowed. The investigator thought that Post Office Financial Services' explanation for requesting a cheque at that stage in the process was reasonable. He also didn't think the request to provide a cheque had had a detrimental impact on Mr M.

As no agreement could be reached Mr M's complaint was referred to me to review.

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.

Mr M wanted to open an online bond. This was a fixed rate bond for a specified fixed term. He completed an online application form and was then asked to provide documentation to verify his name and address.

Requirements for verification

The terms and conditions of the online bond state that the name and address of the applicant has to be verified before the bond can be opened.

Section 2 of the conditions for the online bond says that Post Office Financial Services would try to verify the applicants electronically. But it also says:

"If we cannot verify you electronically we may require you to provide us with proof of your identity and permanent address. If you fail to provide the necessary identity and address verification an Account will not be opened and your deposit will be returned to you without any interest.

So, I am satisfied Post Office Financial Services was entitled to ask Mr M for proof of his identity and address. I also note that financial businesses, such as Post Office Financial Services, are subject to legal requirements in respect of verification checks. Information about the proof required was provided to Mr M during the application process. The account opening form gave clear information about the documents required. So, I consider Post Office Financial Services made it clear to Mr M how this could be achieved.

Mr M visited a local branch with his documents and asked for them to be certified. The documents were certified and sent off. The certification of a document confirms that the document is a true copy of the original. But that doesn't necessarily mean the certified document is a relevant document and complies with verification requirements

Post Office Financial Services said as it was only provided with page 1 of Mr M's document it couldn't be satisfied it was a bank statement as there were no transactions. And I am satisfied having looked at the first page that there were no transactions on that document.

Mr M questions why the Post Office branch representative didn't inform him this was insufficient for the purposes of verification. I agree things would've been much clearer for Mr M if he had been informed at that point that he needed to provide the whole document or another form of address identification. As it was, Mr M didn't become aware until around 6 August when he received a letter from Post Office Financial Services.

Post Office Financial Services has accepted that it could have done things better and has said advice and feedback would be sent to the branch network. Whilst I think Post Office Financial Services could have handled this better at the local branch, I think there was also an onus on Mr M - as the person wanting to open the bond - to read the information and ensure he brought the correct documentation to be certified.

In any event, if Mr M had been informed by the local branch that the document was unlikely to be acceptable, he still would've had to return with the full document or another document. So, the outcome would have been the same. While I can understand his frustration, I don't think Mr M was caused additional inconvenience by not being informed at the time.

Mr M's documents were certified on 31 July 2019. He was notified one of them was unacceptable by letter dated 5 August 2019, probably received on 6 August 2019. So, it added just under a week to the application process.

On the first occasion Mr M's documents were received on 5 August. On the second occasion they were received on 13 August.

Mr M says Post Office Financial Services should pay the interest he says he lost as a result of the delay.

As this was a fixed rate bond where the maturity date was determined by reference to the start date Mr M hasn't lost any of the fixed rate period.

I appreciate that Mr M's money was invested later than it would have been if the correct documents had been provided in the first place- about a week later. I am sorry to hear that the delay caused Mr M stress and upset. But while I think the Post Office branch could have done things better, I don't think it would be fair and reasonable in those circumstances to hold Post Office Financial Services responsible for that short delay. Particularly because, as I have said, I think there was an onus on the applicant, Mr M, to make sure he supplied the correct documents.

Payment by cheque

Mr M complains he was told by Post Office Financial Services to pay his deposit by cheque when there were other ways of depositing funds. He says this delayed the opening of his online bond.

As this is an online bond the vast majority of the administration happens online. So, an applicant or bond holder is expected to read through the relevant information and instructions.

I can see the terms and conditions clearly stated that there were three ways of depositing funds to set up the online bond. These were from a linked account by direct debit; by cheque and from an existing Post Office Money savings account where the existing customer logged into the online servicing site.

As Mr M was applying for an online bond, I would expect Mr M to read through the relevant information to find out how to open the bond. Particularly because the account opening didn't happen by way of a face to face meeting with a Post Office Financial Services representative. I think the information provided made it clear that there were different options in relation to the deposit.

Post Office Financial Services has explained that once it asked for documentation to verify the applicant's identification and address, as it did in Mr M's case, it requested a cheque because this was generally considered to be the quickest way to process the application.

It appears that Mr M was able to provide a cheque and I can't see that he contacted Post Office Financial Services to say there was a problem with that payment method or he preferred another payment method. So, I don't consider Post Office Financial Services has done anything wrong here. I think it acted to try not to delay the application process further. It has explained if a direct debit is set up from a linked account it can take up to 12 days for funds to be received. Whereas in Mr M's case the cheque was received on 13 August and the account opened on 19 August.

Complaint handling

I note Mr M has also raised some issues about the way his complaint was handled by Post Office Financial Services and how long it took to investigate his complaint. I should clarify that this service can only decide complaints about "regulated activities". Handling complaints is not a regulated activity in and of itself, so I'm not able to consider that point in isolation. So, I have focused on the subject matter of the complaint made to Post Office Financial Services.

My final decision

My final decision is that Mr M's complaint against Bank of Ireland (UK) Plc trading as Post Office Financial Services is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 3 January 2020.

Julia Chittenden
Ombudsman