

## The complaint

Mrs G complains that Bank of Ireland (UK) Plc trading as Post Office Financial Services (the '*Post Office*') refused her application to invest in a One-Year Growth Bond. During the time it took to make a decision, Mrs G says she was unable to invest her funds somewhere else.

As a result, Mrs G submits that she should be reimbursed for the loss of interest on her capital, as well as compensated for the upset the Post Office has caused her.

## What happened

Mrs G applied for the bond on 22 July 2019, by writing to the Post Office enclosing a cheque for £85,000.

On 23 July 2019, the Post Office wrote to Mrs G to explain her funds had been placed in a holding account until additional required documentation was supplied. Mrs G made a call to query what information was needed, in lieu of a copy of a passport or driving licence. She obtained a letter from the Department of Work and Pensions as well as recent bank statement, had these certified by a Chartered Accountant, and sent the certified copies to the Post Office.

On 1 August 2019, the Post Office wrote to Mrs G noting it could not find evidence of the certifier on the Chartered Accountants' Register, and therefore it couldn't accept the documents. Mrs G received the letter on 7 August 2019. Through a call placed by her daughter, she asked the Post Office to review its decision as she had given evidence of the certifier's registration. They also sent the Post Office a letter confirming how they had done a search of the relevant Chartered Institute website and found the certifier right away. Mrs G and her daughter said they felt interest should have begun to accrue from 1 August 2019.

On 13 August 2019, the Post Office sent Mrs G a further letter asking for proof of address which Mrs G said she had already supplied. Mrs G's daughter then called the Post Office to explain this. Despite this, the Post Office sent a further letter dated 22 August 2019 asking for further proof of address as it was not included on the bank statement. Mrs G's daughter explained she wished to make a complaint. Mrs G thereafter supplied a certified copy of her Post Office card account, which included her address.

On 3 September 2019, the Post Office explained that the certified account information Mrs G had sent wasn't acceptable. Mrs G therefore arranged for a copy of her bank statement to be certified and sent it on 10 September. It was received by the Post Office on 13 September.

On 11 September 2019, £85,000 was transferred back to Mrs G's certified bank account, received by her the following day. The Post Office said the application had been cancelled as it hadn't received a reply to the letter of 3 September 2019 within the timescale set out.

Mrs G's daughter furthered the complaint later that month. She said Mrs G complied with all of the Post Office's requests yet it did not set up the bond as required. Instead she had lost the opportunity to earn interest on her funds, as should have happened. This was compounded by her not being able to obtain a rate on an alternative account that matched

the Post Office - the bond had a rate of interest of 1.4% and the account the funds were thereafter placed into had a rate of 0.85%.

She therefore requested that the Post Office compensated her for two months of lost interest from 1 August 2019 to 1 October 2019, that it made up the shortfall of lost interest to 31 July 2020 when the one-year term would have expired, and that it paid her due compensation for the inconvenience and upset it had caused her.

As the Post Office did not reply within eight weeks, Mrs G brought her complaint to this service.

In January 2020, the Post Office rejected Mrs G's complaint. It said it was legally obliged to confirm both Mrs G's identity and permanent address before the account could be opened. Firstly, the chosen certifier couldn't be identified and secondly, the bank statement she had sent did not contain her address. When she then sent proof of documentation with an address, it was Post Office documentation – and that wasn't an acceptable proof of address because it needed to be from a separate business.

It was for that reason that it wrote to Mrs G on 3 September stating it needed a valid proof of address by 10 September or else the application would be cancelled. As it had not heard back from Mrs G, it returned her funds on 11 September 2019. It did this because it had a procedure that it should not retain a customer's uninvested funds for more than 28 days.

The complaint was reviewed by one of our investigators. She agreed that Mrs G unfortunately hadn't provided the right information to the Post Office to meet its verification requirements. She did agree that the Post Office stating a printed name was required on the certified documents was never put to Mrs G. But in the circumstances, she didn't think it would have changed the course of events – the Post Office was entitled to cancel the application in accordance with the terms of the bond and its letter of 3 September 2019 was clear that the application would be cancelled if the right information wasn't provided regarding the proof of address.

Mrs G's daughter explained that given the amount of time that had elapsed and Mrs G's advancing age, she wasn't able to recall in detail the events that were being relayed now. She felt that the assessment was fair, but they were disappointed in the findings that the Post Office had committed no wrongdoing. If it had explained more clearly why the bank statement was rejected, Mrs G wouldn't have then sent in the Post Office account statement that was unsuitable, and missed the relevant time frame at the end.

Whilst they now accepted that the Post Office was within its rights to reject the application, Mrs G still felt it could have been clearer in its correspondence. Mrs G therefore accepted she wasn't owed any compensation for lost interest but she and her daughter still considered the Post Office ought to take some responsibility for what had happened.

Specifically, they said that the Post Office could have explained earlier that the bank statement was not correct. Further, it took more than eight weeks to address the complaint and this should be recognised. The complaint wasn't properly registered by the Post Office until 5 December 2019, despite the verbal complaint in August confirmed in writing on 26 September, and the sending of three further letters on 24 October, 27 November and 14 December 2019. Mrs G's daughter supplied proof of posting for the first of those letters as evidence that they had been sent and the Post Office caused an unreasonable delay.

The Post Office confirmed it did not receive the September and October letters and this was only identified once it did receive the November 2019 letter. It couldn't say why they were not received but the evidence Mrs G's daughter had supplied was proof of posting, not receipt.

In any event, the Post Office said this final aspect of concern should not be included in the complaint. That was because it was not a complaint relating to provision of a financial service, and a complaint about complaint handling was not a regulated activity under the jurisdiction of the Financial Ombudsman Service.

On that basis, our investigator could not offer any further foment on the merits of the complaint handling process. Mrs G's daughter said Mrs G wanted the complaint to be referred to an ombudsman – and so it was passed to me to consider.

### **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 do not believe it ought to be upheld.

Firstly, I'd like to send my best wishes to Mrs G and her daughter given their circumstances, and I appreciate how patient they have been whilst this complaint has progressed.

I realise that my decision will be disappointing for Mrs G and her daughter. I can see this situation caused Mrs G a great deal of upset as she had hoped her funds would earn interest which goes towards her care costs. But I do not believe the Post Office has unreasonably caused the loss of interest that is claimed as compensation (which I note Mrs G and her daughter now recognise) or acted unreasonably in processing the application such that it caused it to be cancelled and therefore I cannot uphold the complaint.

I won't be addressing the new issue Mrs G's daughter has raised about the delays of the Post Office issuing a final response letter for two reasons – 1) this wasn't a specific complaint put to the Post Office and 2) as set out, complaints to this service do need to be about specific regulated activities (and complaint handling is not an activity in its own right) under the rules which apply to this service. If required, a copy of the rules can be found online at <https://www.handbook.fca.org.uk/handbook/DISP/2/?view=chapter>.

Turning to the complaint furthered here, I can see that Mrs G and her daughter now appreciate that the bond terms and conditions supplied by the Post Office do address the matter of retaining a customer's account deposit and returning it without interest in the event it is unable to open an account. I recognise that this term is contained within a high volume of detailed terms and conditions. So I have also looked at the correspondence sent to Mrs G throughout the application process.

In the letter of 23 July 2019 acknowledging receipt of her funds, the Post Office told Mrs G that it needed further documentation and noted “***please note if we do not receive suitable documentation within the next 28 days, your application will be cancelled, your deposit returned to you and you will need to start the application process again***”. I find that clearly placed Mrs G on notice of the timescale for opening the account, albeit the matter of interest was solely covered in the terms and conditions document issued to Mrs G.

To get her Growth Bond set up, Mrs G had to send back one certified document from a list of documents ('list A' and 'list B'). She did this, sending an alternative list A document in place of the usually required passport or driving licence, and a bank statement for list B.

An issue arose on verification once the Post Office received these documents. I realise that the chosen chartered accountant was indeed registered on the appropriate website – but I can see from the Post Office's internal notes that the issue with verification arose because

the accountant signed the document and stamped it with his company name. On the website he was registered in his name, rather than that of the company. Once Mrs G and her daughter clarified he was an appropriate certifier, the Post Office accepted the DWP letter.

The remaining issue was the bank statement Mrs G supplied – it was correctly certified but it was missing her address anywhere on the document. For that reason, the Post Office asked Mrs G for further evidence, and she sent in a Post Office account statement instead.

I understand why Mrs G's daughter feels the Post Office could and should have pointed out that the bank statement was wrong and why. The Post Office did do this – in the letter of 22 August 2019, it expressly said it needed more evidence because "*Address details was not (sic) present on the address proof document [name of bank]*".

This wasn't raised earlier by the Post Office (as Mrs G's daughter has queried) because the certifier issue was addressed first. That is logical, since if the certifier hadn't been able to be verified, both sets of evidence would be affected. As it was, the Post Office accepted the DWP document for list A, but list B had not been correctly satisfied for proof of identity.

Matters were unfortunately prolonged when the second address evidence Mrs G supplied was a conflict – because it was a document from a different Post Office account. I note that this has been questioned by Mrs G's daughter, but I do believe the Post Office clearly set out that it was insufficient to pass the required verification. The Post Office isn't unreasonable in requiring identity evidence from a different business – if it could use its own correspondence from other accounts, then the requirements of list B evidence would not be satisfied.

The letter of 3 September 2019 (that Mrs G received 7 September) said the Post Office account evidence "*was not acceptable*" and Mrs G needed to "*kindly provide any one of the valid address proof document[s]*". Mrs G then returned the first bank statement, but this time a further certified copy with her address included.

However, the Post Office's letter also contained a warning that if the document wasn't received the application process would be cancelled. It said "*we need to receive these documents by 10/09/2019 in order to get your Growth Bond up and running. If we do not hear from you by this date we will assume you no longer want to open an account and will cancel your application*".

Mrs G didn't return the updated certified bank statement before 10 September. It was received another three days after that – but by then, the Post Office had cancelled the application as it said it would do.

Whilst I can see there has been a degree of misunderstanding about the letters issued by the Post Office, I do not believe that this complaint should be upheld. The process needed to be completed within 28 days or a new process could be required by the Post Office. This was for the reason Mrs G has complained about – that being while the bond is set up, interest is not being earned on the money deposited by the prospective account holder.

I cannot conclude that the Post Office should be held responsible for the fact Mrs G would have needed to start a new application (though I note she did not do so). It acted within the terms and conditions by cancelling the application, and it did go further by discretionally extending this time to a maximum 45 days – and its internal notes showed it would have backdated interest to allow for that. However, the right information wasn't received at the material times throughout the application process.

Though I know Mrs G's daughter feels strongly otherwise, I don't find the correspondence to be unclear in what was required from Mrs G. I accept the letters did not go into strict detail

about how and why a document wasn't suitable – save for a brief description such as the one of 22 August 2019. But Mrs G was given a customer service number to call if she had any queries – and she and her daughter did make contact in this way. If they had any concerns about the late arrival of the final certified bank statement, they could have contacted the Post Office about it as they had done previously.

The Post Office reasonably cancelled the bond application process and told Mrs G she could complete another application if so required. While Mrs G didn't want to reapply, I don't believe the Post Office should be responsible for compensating Mrs G because the application was unable to complete. It didn't go ahead because the correct proof of identity wasn't provided within the timescales – and the Post Office is obliged to ensure it has met with relevant compliance on customer verification.

### **My final decision**

I'm not able to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 12 September 2021.

Jo Storey  
**Ombudsman**