

The complaint

Mrs H complains that Yorkshire Building Society ('YBS') wrongly flagged her account as dormant.

What happened

Mrs H opened an account with YBS in May 2001. YBS says that the last transaction on the account was in July 2015 and that, following changes in the relevant regulations, her account was flagged in 2017 as needing a trace of the customer, before being flagged as dormant in August 2020.

Mrs H says that she had granted power of attorney to another person and that her attorney had visited the branch in person once a year. She says that this amounts to a transaction, so the account ought never to have been flagged as dormant. She further says that the attorney ought to have been warned of the possibility that the account would be flagged as dormant before this was done.

YBS has agreed that the attorney ought to have been warned of the risk of the account being flagged as dormant. It has apologised and offered to pay £120 to reflect the distress and inconvenience caused by its mistake. It says that it will remove the dormant flag upon Mrs H providing three acceptable forms of identification, which it says is required by the relevant regulations and provided for in its relevant policy. It says that the only identification documents it now holds for Mrs H are out of date.

Mrs H says that she is unwilling to provide unredacted identification, as she has concerns about how securely YBS will keep her data. She says that removing some information, which would be of no use to YBS, should not prevent her identification from being accepted. She says that her offer of redacted identification has been previously confirmed as acceptable by YBS staff members.

Mrs H says that the manner in which YBS has responded to her complaint has been contradictory and obstructive, causing her more distress and inconvenience than she feels would be reflected by £120.

Our investigator thought that the offer was a fair one. They thought that the account should be reopened, with interest backdated and applied, upon Mrs H providing relevant identification.

Mrs H did not agree, and so this has come to me 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.

I have firstly considered whether it is fair that YBS considered the account to be dormant. Under term 39.1 of the YBS account terms and conditions, which deals with 'Unclaimed Balances', an account can be closed if, after "a period of five years... no money is paid into, or withdrawn from, your account." While Mrs H's attorney was attending the branch, no money was being paid in or out of the account. I am satisfied that it was fair that the account could be treated as an unclaimed balance under the terms and conditions.

But I agree with Mrs H that it was unfair not to bring this to the attention of the attorney before it was done. YBS should have raised any concerns it had the next time the attorney attended a branch.

Term 39.2 of the terms and conditions provides that sufficient proof of identity must be provided upon reopening a dormant account. YBS has said that it would have needed three forms of identification from Mrs H in any event, in order to comply with relevant regulations and to protect Mrs H's account. I think that is correct. In addition to the terms of the account, businesses have obligations under regulations to ensure that they have confidence that they are dealing with the correct person. This will often involve periodic checks in relation to identity, such as this one. I think it is reasonable that particular care is taken around such checks where an account has fallen dormant, but also where the identification documents the business held are no longer in date. So YBS isn't treating Mrs H any different to any other customer in her position here.

I have considered the documents that YBS has requested from Mrs H. Its policy sets out the documents that are required. While I understand Mrs H's point that the document-specific details, such as a driving licence number, will not be of direct use to YBS, these details identify that document as genuine. I think it is reasonable that YBS requires this in order to satisfy itself that the documents are genuine and to comply with the relevant regulations. I understand that Mrs H is reluctant to provide these documents, but, while I think there has likely been some miscommunication around what amounts to acceptable identification, I am satisfied that YBS's position is a reasonable and fair one.

I am satisfied, then, that YBS got things wrong in not warning Mrs H's attorney that it intended to flag her account as dormant. But I think that YBS's proposed approach is a fair way to deal with this. It will place Mrs H in the financial position she would have been had the account not been closed, while complying with the relevant regulations in relation to customer identification. It will be a matter for Mrs H whether she wishes to provide the relevant, unredacted, documents in order to reopen her account.

Putting things right

I have considered the distress and inconvenience to Mrs H which were caused by YBS's failure to warn the attorney. I am satisfied that the impact on the account would have more likely than not been the same, as Mrs H's concerns about her identification documents would likely have been the same. In these circumstances, the account would have been closed for failure to provide the necessary identification documents. I have carefully considered what Mrs H has to say about the distress and inconvenience which has been caused to her by YBS's mistake, but I think that £120 properly reflects this.

My final decision

For the reasons given above, Yorkshire Building Society should pay Mrs H £120.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 5 April 2023.

Marc Kelly
Ombudsman