

## **The complaint**

Mr K complains that Citibank UK Limited reviewed and blocked his account and asked for additional information relating to an incoming transaction.

## **What happened**

In March 2022, Mr K's partner transferred money into Mr K's Citibank account from another bank. Citibank blocked the transaction to carry out a further review but didn't tell Mr K a reason for their decision or how long the review would take. Mr K complained. Citibank responded and explained their compliance team were experiencing backlogs and they didn't have a timescale to give Mr K – they offered him £50 compensation to recognise the delays caused.

In April 2022, Citibank asked Mr K for some information relating to the transfer. Specifically, they asked for personal details such as name and place of birth. Mr K felt Citibank's questions were discriminatory – although he did provide the relevant details. The payment was released to Mr K's account around 19 April 2022.

Our investigator reviewed things and thought Citibank were entitled to review the transaction but thought the time it took was excessive. She asked Citibank to pay 8% simple interest on the transaction and a further £50 compensation to Mr K. Mr K accepted. Citibank didn't. In summary, they said they were carrying out relevant reviews and didn't cause any delays.

As an agreement couldn't be reached, the complaint has been passed 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.

The problem here is Citibank haven't shared information relating to why this particular transaction was flagged or what their procedures are when a transaction is flagged for review. I respect that Citibank has internal policies and processes to follow along with legal and regulatory obligations. But they are also aware of our rules.

DISP 3.5.2 states, amongst other things, that an Ombudsman can *"reach a decision on the basis of what has been supplied and take account of the failure by a complainant or a firm to provide information that an Ombudsman has requested; ...."* Therefore, I've based my decision on the information I have available.

I'm aware that Citibank are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Citibank are required to regularly review the relationships they hold with their customers. While I'm unaware of the reasons why this particular transaction flagged for review, it is often appropriate for banks to review transactions and accounts, so I do consider the review itself was more than likely reasonable.

While Citibank are usually entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delays. Citibank have shared limited information with our service in regard to the actions they took during the review, and they have provided contradictory information with regard to the time it took. Citibank confirmed in the final response letter to Mr K that their compliance team were experiencing backlogs and therefore upheld his complaint for delays. However, in response to our investigator's view they have said they didn't cause delays as the review was necessary.

I'm aware the payment in question was sent to Mr K's account around 25 March 2022 but wasn't credited until around 19 April 2022. When financial institutions carry out reviews, it's common practice across the banking industry that the review will require additional information from the account holder. Often, the information required is related to identity, proof of entitlement to recent payments or more details such as what the account is used for. Based on the evidence I've seen, I'm aware Citibank asked Mr K questions relating to the identity of the sender and what the payment was for. I do think asking for this information was likely appropriate in the full circumstances, but I don't agree this type of review should have taken nearly a month. And therefore, I do consider Citibank caused delays and the payment likely could have been released to Mr K sooner than it was.

I recognise Mr K feels very strongly about this, and in particular he feels Citibank may have made a discriminatory decision based on his and his partner's surname. I appreciate why Mr K feels this way – and while Citibank have strongly denied this claim, they haven't provided sufficient details to explain why the transaction flagged for review. Having said that, I've reviewed Mr K's account activity and can see he's been a customer of Citibank for a number of years and his partner has made transfers into his account before which haven't flagged for review. Therefore, I don't consider this particular transaction was flagged due to a discriminatory reason – if it was and for the reasons why Mr K suspects, I'd expect all transactions to and from his partner to be flagged and they haven't been. So, I can't fairly uphold Mr K's complaint on this point.

### **Putting things right**

Overall, I consider Citibank were entitled to review the payment which was transferred into Mr K's account – but I don't think it should have taken as long as it did. I appreciate Citibank may have been experiencing backlogs – but that's not Mr K's fault. And I don't think it's reasonable he was without this money for the time he was.

In order to recognise the loss of use of funds to Mr K, I consider 8% simple interest should be paid. 8% simple is the current statutory interest rate on judgment debts and therefore, I consider it to be the fairest in the circumstances.

I feel £100 compensation in total fairly reflects the distress and inconvenience this overall situation has caused Mr K. It no doubt would have been distressing to continuously ask Citibank for updates and not be given a timeframe. I'm aware Mr K has already received £50 compensation from Citibank, so I only require them to pay an additional £50.

### **My final decision**

For the reasons I've explained above, I uphold this complaint.

In order to put things right, Citibank UK Limited should do the following:

- Pay interest at 8% simple per year on the amount they withheld from Mr K. They should calculate this from 1 April 2022 (around a week after the payment was transferred which should have been sufficient time to carry out their review) up to the

date the money was released back to Mr K.

- HM Revenue & Customs requires Citibank UK Limited to withhold income tax from the above-mentioned interest. Citibank should give Mr K a certificate showing how much is taken off if Mr K asks for one.
- Pay a further £50 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 April 2023.

Hayley West  
**Ombudsman**