

**The complaint**

Mr W has complained that Citibank UK Limited ("Citibank") placed a block on his account and then refused to let him clear his overdraft, which resulted in his account being placed into default.

**What happened**

Citibank applied a block to Mr W's account on 19 December 2022. When Mr W spoke to Citibank, it explained that it needed to obtain Know Your customer (KYC) information from him. Although Mr W provided recent information, he was unhappy with how far back in time Citibank wanted information from him and refused to provide some of the information being asked of him. Because of this Citibank didn't remove the block on the account.

Mr W's account was slightly overdrawn, but as the block was on the account, this prevented Mr W from paying money into the account to clear the overdraft.

Eventually late payment markers, and then a default was registered on Mr W's credit file as a result of Mr W being unable to repay the overdrawn balance. Citibank went on to say that Mr W no longer needed to repay the overdrawn balance and said it would be closing his account.

Unhappy with its handling of matters, Mr W raised a complaint with Citibank. Citibank issued a final response letter on 13 February 2023. In its response, Citibank explained that it had attempted to call Mr W a number of times but was unable to get through to him. It says it sent Mr W a number of emails asking that he get in contact to provide the KYC information, but again didn't receive any response to the emails. Because of this, Citibank took the step to place a block on the account, until Mr W provided the necessary KYC information. Citibank acknowledged that Mr W did then call but said Mr W was unhappy to provide the requested information. Citibank recommended that Mr W get in contact to provide the necessary information and explained that if he didn't, the account will remain blocked.

Unhappy with its response to the complaint, Mr W referred his complaint to this service. One of our investigators assessed the complaint. The investigator said that they didn't think that Citibank were at fault for asking for the KYC information from Mr W. But they explained that Citibank had agreed to clear Mr W's credit file and that Mr W didn't need to repay the overdrawn balance.

As Mr W remained unhappy with the outcome of the complaint, the matter was referred for an ombudsman's 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.

Having reviewed everything, I think that the offer made by Citibank is fair and reasonable in the circumstances. I will explain why.

Mr W says that Citibank blocked his account without notice and asks why did Citibank not write to him first, before applying the block? However, Citibank says that it only applied the block to Mr W's account after its repeated attempts to contact Mr W went unanswered.

Having looked at the available evidence, I'm satisfied that the block was only applied to Mr W's account after Citibank had attempted to contact Mr W a number of times. For example, I can see that Citibank attempted to speak with Mr W around 2 December 2023, and Mr W responded by email to say that he couldn't talk as he was overseas and requested that Citibank email him instead. Citibank did just that – it sent an email to Mr W's correct email address on 2 December 2023, explaining that to meet its KYC requirements, it needed him to provide:

- His employment details since 2014 - including name of employer, designation, annual package and start and end dates of his employment.
- His addresses since 2014.
- His wife's name.

The email said that if it needed any further information, it would get back in contact with Mr W. Citibank then sent Mr W emails chasing him for the information on 12, 15 and 16 December 2023. In the last email, Citibank explained that Mr W's account would be blocked if he didn't get in contact. As Citibank had still not heard back from Mr W, it then blocked his account on 19 December 2023.

Given the above, I think that Citibank took reasonable steps to get in contact with Mr W and explained what information it needed, before it took the step of blocking the account.

Turning now to the information that Citibank was requesting, I have to say that the information being requested is fairly standard information that banks, and other financial businesses are required to have in order to adhere to the Know Your Customer (KYC) responsibilities (also known as Customer Due Diligence or CDD), as set out by the regulator - the Financial Conduct Authority. So, although Mr W was not willing to provide the more historical information (but did provide the more up-to-date information), I can't say that Citibank treated him unfairly or unreasonably by asking Mr W for the information.

I note that Mr W has questioned why it was only in 2023 that Citibank was asking for such information - when he says he'd had the account since 2012. However, Citibank did explain in its final response letter, that it was asking for the information to adhere to the requirements under the UK Money Laundering & Terrorist Financing Regulations 2019. And given these regulations only came into effect in 2020, this may go some way to explain why he'd not been asked for such information before. Nevertheless, even if Citibank was requesting information that it perhaps should've already had by 2023, that doesn't mean it was being unfair or unreasonable to Mr W by asking for him to provide it.

When Mr W provided the requested information, I understand that he was happy to provide up-to-date information, but refused to provide more historical information. Of course, Mr W was free to do that. But it's equally the case that I can't say that Citibank was being unfair or unreasonable by retaining the block on his account, if it was unable to complete its KYC checks. I say this bearing in mind that I think the information it was requesting from Mr W was reasonable.

As such, I don't think it would be appropriate to award Mr W compensation for any distress and inconvenience he suffered, essentially as a result of him refusing to supply the requested information. I also note that Mr W asked a number of questions about why exactly Citibank was asking for such historical information. But Citibank is not obliged to divulge specific details about its KYC processes. So again, I don't think Citibank was being unreasonable by not answering Mr W's questions such as: *"What risk profile do I sit in within the bank"* or *"why has the bank not provided its internal and/or customer-facing KYC guidelines which should include a guide as to how often a KYC review should be carried out for customers with different risk profiles."* when dealing with his complaint.

But that being said, Mr W's account was overdrawn and even though Mr W tried to clear the overdraft to bring it to a zero balance a number of times, he was prevented from doing so. Given that Mr W's account was only overdrawn by around £24 and he was clearly willing to repay the outstanding debt, I agree with the investigator, in that Citibank was being unreasonable by not allowing Mr W to clear the debt. I say this especially given how small it was. And it seems disproportionate to register a default against Mr W for such a small sum, that he'd been willing (and had tried) to repay.

Since Mr W referred his complaint to this service, Citibank has said that Mr W does not need to repay the overdrawn balance. It has also said it will 'clear Mr W's credit file'. Although it hasn't elaborated on what exactly it means by 'clear' Mr W's credit file, I do think it's reasonable that all adverse information relating to Mr W's account – such as late payment markers and defaults – is removed from Mr W's credit file. I don't think any of this would've appeared on Mr W's credit file had Citibank allowed Mr W to clear the overdrawn balance on his account. So overall, I think that what Citibank has agreed to do is fair and reasonable.

### **Putting things right**

So, to put matters right, I require Citibank to remove all adverse information registered on Mr W's credit file, relating to the overdrawn balance not being repaid on Mr W's Citibank account.

### **My final decision**

Because of the reasons given above, I uphold this complaint and require Citibank UK Limited to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 April 2024.

Thomas White  
**Ombudsman**