

The complaint

Ms L complains that Bank of Scotland plc trading as Halifax made her account dormant without giving her notice. She is unhappy that Halifax wants to take copies of her identification documents before it will reactivate the account.

What happened

Ms L holds a savings account with Halifax. In 2021, she discovered that the account had become dormant and that she would need to provide identification in order to reactivate it. Ms L took her identification documents into the branch and showed them to the branch manager. But the manager wanted to take copies and send them to a central team. Ms L didn't want her documents to be photocopied, so Halifax says that the manager couldn't reactivate the account. It remains dormant.

Ms L raised a complaint with Halifax. She said she couldn't see why Halifax needed to copy her documents and felt it was holding her account to ransom. She also said that she hadn't known the account was dormant as Halifax hadn't contacted her about it.

Halifax apologised that it hadn't contacted Ms L to tell her that her account was going to become dormant. But it didn't think it had done anything wrong in relation to Ms L's identification. Halifax explained why it needs to take copies of the documents and how it deals with the copies. But Ms L remained very unhappy about the situation and came to this service for help to resolve the issue.

Our Investigator explained that we can't ask Halifax to change its internal procedures as they adhere to the relevant regulations. But he thought that Ms L had been given incorrect information over the phone about the copying of her documents. So he suggested that Halifax to pay her compensation of £100.

Halifax didn't fully agree with our Investigator's view, but it agreed to his recommendation in order to resolve the complaint. But Ms L asked for the complaint to be reviewed by an Ombudsman. She doesn't think it's fair that Halifax is insisting on obtaining and copying her identification documents in order for her to access her own money, especially as she didn't know that her account had become dormant.

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 understand that Ms L's account hadn't been used for several years. So I think it was reasonable for Halifax to treat it as dormant. But I think it should have written to her first, to give her notice of this. Ms L says it didn't do this. Halifax says its system doesn't show whether any letters were sent to Ms L at the time. On balance, I don't think Halifax did give Ms L notice. It has apologised for this which I think is a fair response, particularly as Halifax still holds Ms L's funds and has confirmed that the account can be reactivated.

Halifax has extensive obligations under the Proceeds of Crime Act 2002, Money Laundering Regulations and related legislation. It is required to have systems and processes in place to comply with the regulations. These include customer identification and due diligence measures. These obligations cover the entire period of a relationship with a customer. Halifax says that its process for reactivating dormant accounts involves verifying the customer's identity, in line with these measures. That's what I would expect. So, I think it's reasonable that Halifax has asked Ms L to provide identification documents before it will reactivate her account.

I understand that Ms L doesn't object to showing her identification documents to Halifax: she has already shown them to the branch manager. What she's unhappy about is the fact that Halifax wants to take copies of the documents. The regulations which Halifax has to comply with aren't prescriptive as to exactly how businesses should carry out customer identification or what measures they should put in place. So, businesses have some discretion and it's up to individual organisations to decide upon and implement their own procedures.

Halifax has outlined its process for reactivating dormant accounts. This involves taking copies of the customer's identification and sending these to a specific team. Ms L isn't happy with this. But it's not the role of this service to tell businesses how to implement the regulations or to direct them to change their procedures. Our role is to decide what's fair and reasonable in all the circumstances. I find that Halifax has a policy in place, which it followed here. I think its approach is reasonable and that it has applied it fairly here.

So, if Ms L wishes to reactivate her account, she will need to provide the identification documents which Halifax requires and allow these to be copied in line with Halifax's process.

But Ms L says that she has spoken to Halifax on the telephone more than once and has been told by different members of staff that it's not necessary for her documents to be copied. Halifax hasn't been able to locate any recordings of these calls. But I don't have any reason to doubt what Ms L says about them.

However, I don't think the calls change the overall position here. That's because I find that Halifax's process does involve copying the documents and sending them to a team for processing. But I can understand that it's upsetting and frustrating for Ms L to be told conflicting information about this issue. It has made her doubt what she was told in the branch and has added to the overall stress of the situation. In the circumstances, I think Halifax should pay Ms L some compensation to recognise the impact of this. I think £100 would be a fair amount.

My final decision

For the reasons above, I uphold this complaint. Bank of Scotland plc trading as Halifax should pay compensation of £100 to Ms L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 18 October 2023.

Katy Kidd
Ombudsman