

The complaint

Mr M complains about the way RBS Collective Investment Funds Limited has handled the maturity of his Junior ISA. He says delays and failing to follow his instructions has caused him a financial loss.

What happened

Mr M held a Junior ISA (which was originally taken out as a Child Trust Fund). In late 2021, RBS wrote to Mr M asking for maturity instructions. In March 2022, he completed and returned the maturity instructions and requested to receive the full proceeds into his bank account. Following this the shares held in the investment were sold. RBS requested identification and verification information from Mr M to complete the payment. This wasn't received immediately, so RBS chased – and Mr M responded providing information at the start of April 2022.

By the end of April 2022, the funds still hadn't been transferred to Mr M. At this point RBS wrote to him to explain it had changed the account from a junior account to an adult ISA. It also requested further information from Mr M in order for him to access the account. In late May 2022, RBS wrote to Mr M explaining that his verification documents hadn't been accepted and asked for further information.

In June 2022, Mr M's father raised a complaint on his behalf. He said they were unhappy that the funds hadn't been provided as requested in March 2022. RBS responded in August 2022. It explained it was unable to accept the documents provided by Mr M due to them not meeting the requirements of its Anti Money-Laundering (AML) process. It said it still required verification information from Mr M to allow it to meet its regulatory obligations. But it did offer him £50 in recognition of the delays he had encountered in receiving the proceeds of his investment.

Mr M referred his complaint to this service for an independent review.

I issued a provisional decision in October 2023. This is what I said:

"I've reviewed the circumstances of the maturity of Mr M's investment. It is clear that he intended to withdraw the funds and gave an instruction to do this in March 2022. It's not apparent to me whether the funds have now been paid, but in any case, they weren't paid to Mr M when he initially made the request and this is what promoted his complaint. I've considered whether there were failings by RBS that prevented and/or caused delays to this happening.

I've reviewed the correspondence that RBS sent to Mr M after receiving his request to have the proceeds paid to him. RBS accepted the instruction and sold down the shares that were held in the Junior ISA. But it required further verification from Mr M to fulfil its AML obligations in order to make a payment. I can see it requested documents to complete this process. I'm satisfied it is reasonable for RBS to request this information. It has responsibilities to ensure that funds are paid correctly. But I can see things started to go wrong after this.

Mr M did provide documentation to meet the requirements set out by RBS, but it rejected them. Having reviewed the requirements RBS gave him and the reasons it gave for rejecting the documents, I think it has acted fairly and reasonably here. It was clear that it required a certified copies and recent documents. Mr M sent a copy of a passport which wasn't certified and a bank statement that was more than six months old. So, I don't find RBS at fault for the decision to reject the documents.

However, I can see RBS received Mr M's documents on 7 April 2022 but didn't inform him they were rejected until it sent him a letter dated 31 May 2022. This is a period of nearly two months where Mr M was unaware why his funds hadn't been processed. During this period, he was also sent a letter at the end of April that said his ISA had been converted to an adult ISA and further identification was required for this. I think this caused confusion as Mr M had always wanted to remove the funds from his investment, he had the option to convert to an adult ISA and didn't select to do this.

I think after RBS provided the reasons for rejecting the documents (in late May 2022), its liability ends for causing delays. Mr M was aware at this point that he needed to provide additional information. It doesn't appear he did respond to this, so the funds remain within the ISA. While Mr M has suggested that he continued to suffer losses by not having the funds withdrawn, I don't find that RBS is responsible for him not providing the additional documentation required for access to the funds to be given.

I also understand Mr M is upset about the ISA being converted without his consent. But it is the case that Junior ISAs automatically convert to adult ISAs when a child reaches 18. By the time Mr M provided his documents he was already over the age of 18, so as the funds hadn't been withdrawn, RBS was required to convert the ISA under the rules it must follow. So, I haven't found a failing in this respect.

But I do think Mr M is due compensation for the impact of RBS's handling of the situation. It is responsible for delays and didn't keep Mr M updated on what was happening. Its letter about the conversion to an adult ISA caused confusion and upset as Mr M was clear in his instructions that he was looking to withdraw funds. The way it dealt with the request clearly caused upset for Mr M that could have been prevented if RBS responded quicker to explain his documents had been rejected. It took till August 2022 (after complaining) for Mr M to get a full explanation as to why the withdrawal hadn't been completed. Mr M says he has lost out because he hasn't had access to his funds. It isn't clear what his intention for the money was, so I haven't identified that there is a loss of opportunity that can be quantified. I think a payment of compensation for the distress and inconvenience caused is a fair and reasonable way of resolving this complaint. I note RBS paid Mr M £50 in response to his complaint. I don't think this is sufficient to recognise the full impact of what has happened. I therefore intend to require it to pay him a further £100, making the total compensation £150."

Mr M responded and provided some further comments. In summary he said:

- When he received confirmation that the maturing funds would be paid into his bank account, at no time did he receive instruction regarding identification and verification for paying out of the original investment. The requests he received were for paying out the already converted ISA fund.
- He understands money laundering regulations and the need for identification. But his whole point is that RBS confirmed it would pay out as per the instructions given. It should not have converted the account to an adult ISA until the identification issue was resolved.
- RBS decided to convert the investment to an adult ISA, and this has now caused further hassle. Had RBS requested identification for the release of funds and handled

- the complaint in a timely manner we would not be here today.
- His personal circumstances have made it more difficult to provide identification and this has added to the complexity. He sent everything he could, and RBS rejected this. RBS did not let him know about the problems until he began chasing.
 - At present his personal circumstances make it difficult to provide the financial proof RBS need to access the funds.
 - He did receive a cheque for the £50 offered by RBS but did not cash it as he was waiting for a full resolution and thought it inappropriate that he took the money until this happened.

RBS responded and accepted the provisional conclusion I set out.

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've reviewed the further submission Mr M has made. Having done so I haven't found reason to change the outcome I set out in my provisional decision. I'll explain why.

Firstly, I note Mr M's concerns about not receiving notification there was a requirement to provide identification before receiving the maturing funds. While I haven't seen that RBS told Mr M when it gave him his maturity options that he would need to provide identification to receive the proceeds, I don't think this means there has been failing. The requirement to provide identification came when a payment was due to be made. RBS received Mr M's instruction in mid-March 2022 and responded shortly afterwards confirming the need for identification. I can see at this point that RBS did tell Mr M when an investor decides to sell their holding, anti-money laundering regulations prevent it from releasing the proceeds without having first obtained verification documents. Mr M accepts the general need for these requirements.

Mr M has raised concerns about the investment being converted to an adult ISA – and sees this as a cause for the issues in receiving the matured funds. As I explained, Junior ISAs automatically convert to adult ISAs when a child reaches 18. As Mr M hadn't provided the requested identification until after his 18th birthday, his investment was converted to an adult ISA. I don't find that RBS has done anything wrong in this respect. Mr M was no longer eligible to hold a Junior ISA after his birthday, so RBS had no choice but to convert. But regardless of this, it still seems likely to me Mr M would also have needed to provide the required identification to receive his funds, which would only be available to him after his 18th birthday as per the Junior ISA rules. So, I don't think the conversion of the investment impacts my overall findings on whether RBS is at fault.

Mr M has raised concerns about ongoing issues with regards to accessing the funds and the cost of meeting the requirements set out by RBS due to his personal circumstances. I suggest Mr M contacts RBS and explains why it is difficult for him to provide the information required, to establish if there is any further support it can provide to allow him to access the funds.

I acknowledge the problems Mr M has encountered in his dealings and with RBS and the delays I mentioned in my provisional decision. And for these reasons, I've found that compensation needs to be paid above the £50 that was offered. I note that Mr M says he received the original £50 cheque but didn't cash it. I recommend RBS cancels this cheque and Mr M destroys it, so that one single compensation payment can be made.

In summary, I acknowledge Mr M's frustration with how RBS dealt with the maturity of his investment. For the reasons set out above and those in my provisional decision, I direct RBS to pay him compensation of £150 for the distress and inconvenience caused.

My final decision

I uphold this complaint and require RBS Collective Investment Funds Limited to pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 December 2023.

Daniel Little

Ombudsman