

The complaint

Mr D complains about his Direct Saver account from National Savings and Investments (NSI).

What happened

In July 2022, Mr D's parents decided to gift to him £400,000. Mr D opened a Direct Saver account (DS) with NSI. Between 1 August 2022 and 30 August 2022, £400,000 was paid into Mr D's DS account. When Mr D received the first statement of account for the period up to 16 January 2023, he could see that the 'details' for the inward payments was 'faster payment deposit'.

Mr D complained. He said he needed the description to show that his parents had paid the money in – as he needed to show 'source of funds' when undertaking other business, such as buying a house; or making other investments. This was needed for money laundering/ financial crime checks. He'd already had an experience with an estate agent who'd said the statement wasn't satisfactory to show proof of funds. So – he was being disadvantaged and couldn't use his DS account for that purpose. He wants NSI to change their statements to show the payees. He wants NSI to provide him with a statement to show the source of funds for the period in question.

He also said he didn't accept that NSI's terms and conditions were clear enough – as they said, *"All deposits you make must be in pounds sterling, sourced from a UK bank or building society account in your name"*. Mr D says the one deposit *he* had made (for £1 on 1 July 2022) was from his own account. So he had complied with the terms – as it was he who paid in the first credit. But the terms as shown on statements say: *"We can only accept payments made from a personal UK bank or building society account in your name"*. And while this was clearer – because NSI had accepted the deposits from his parents' account, this was in breach of the terms. And he said NSI should change the terms to make them clearer.

He says NSI should pay £400,000 to his other (non NSI) bank account, with a covering letter to show the movement of funds, plus compensation. If this service's award is less than £400,000, he said he will consider taking legal action for a larger amount.

NSI said:

- The credits to Mr D's DS account were accepted from a third party in error and shouldn't have been accepted. They said this was due to a 'technical error'.
- Due to data protection, they couldn't provide the details of the remitter, or details of their accounts.
- NSI said Mr D could use their letter as proof that the payments didn't come from him. He could also show the bank statements of the sender (his parents) to any other party that may need proof of funds.
- It is part of the terms and conditions that all deposits to the DS account must be from

a UK bank or building society in Mr D's name. He would've confirmed he had read and accepted the terms when he opened the DS account.

- But NSI accepted their systems had allowed the deposits to be accepted into the account, which they needed to fix. For this, they paid compensation of £75.

Mr D didn't accept what NSI said and brought his complaint to us. Our investigator didn't uphold it and said:

- The customer agreement was clear – it said all deposits made must come from an account in Mr D's name.
- NSI told us there are no checks on inward credits to the account – so there wasn't a 'technical error' as such.
- Our service can't make NSI change its processes and procedures.
- It was Mr D who failed to follow the terms and conditions of the DS account. She didn't think NSI needed to produce a statement showing the sender of the funds.

Mr D didn't agree and asked that an ombudsman look at his account. He said:

- The terms and conditions are inadequate as they don't say anything about third parties not being able to pay into the account. He said that NSI's terms only say that payments from the account holder need to come from that person's account – but they don't say payments can't be received from third parties.
- Providing statements showing details of the sending party is commonplace among all banks - and NSI should do the same. All banks show the remitters of funds, so why can't NSI?
- He doesn't accept NSI's explanation that it was due to a 'technical error' that the credits were accepted.
- It wasn't for NSI to say what documents other institutions will accept for money laundering checks. Each business will have its own criteria.

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.

There are several aspects to Mr D's complaint:

- Terms and conditions.
- The reasons for NSI accepting the third-party deposits.
- Description of sender of funds on statements.
- Anti-money laundering (AML) checks by other firms.

Terms and conditions:

Mr D says they aren't adequate and are not consistent with what is said on the statements. I can see the terms and conditions say: *"Paying money in...All deposits you make must be in*

pounds sterling, sourced from a UK bank or building society account in your name.”

On the statements for the DS, NSI say: “*We can only accept payments made from a personal UK bank account or building society account in your name*”.

Mr D argues that the use of the word ‘you’ in the terms imply that only credits paid in by the account holder need to come from an account in the account holder’s name – and therefore, by implication, payments from third parties don’t have to.

I’ve considered this. And I’m satisfied that what is said in the terms and conditions and on the statements are consistent with each other and are not contradictory. And taken together, they say that deposits into the DS must be made by the DS account holder.

And – as our investigator said to Mr D, we can’t expect a firm to include things which can’t be done in its terms and conditions.

I also have to think about what is common industry practice. And – it is usual for businesses to only accept deposits from a bank account in the name of the account holder. This is especially the case for online accounts – and this is an online account. The reason for this is to help prevent financial crime and money laundering. So here, what NSI are doing is commonplace in the industry.

Mr D has also argued that by accepting the third-party deposits into his DS account, NSI were in breach of the terms. But I disagree with that – in fact, I consider Mr D was in breach of the terms – and in those circumstances, NSI would be entitled to send the payments back – and of course that would have caused inconvenience for Mr D and his parents.

The reasons for NSI accepting the third-party deposits on this occasion:

NSI described the problem as a technical one. They told us it was because their systems allowed the third-party credits from Mr D’s parents to be accepted – and in the final response, NSI said they were looking to change their systems to prevent this happening again. I think it’s reasonable to describe this as a technical problem – as NSI have done. NSI paid compensation of £75, which I think was fair and reasonable.

Description of sender of funds on statements:

I can’t force NSI to put senders’ details on statements. This service doesn’t tell businesses to change their policies or practices. So – here, it’s for NSI to make its own commercial decisions as to how it runs its savings accounts. But we do say if a customer has, or hasn’t, been dealt with fairly and reasonably – based on the individual circumstances of their complaint.

I considered what Mr D says here – as he says, most firms do show this information on statements. We asked NSI more about this. They said this is due to data protection rules, which I accept. And – where banks and other financial firms put remitters’ names on statements – this is normally for current accounts, and not for savings accounts (as is the case here).

But, more importantly, I’ve then considered the more practical issues here. And – as NSI reasonably only accept deposits into an NSI account from a bank account in the NSI account holder’s name; then of course there is no reason for NSI to detail the remitter’s name on the statements – as it will always be the NSI account holder. Therefore, I think it’s reasonable for NSI to not detail the senders’ names on DS statements.

Anti-money laundering (AML) checks by other firms:

It is for each firm (for example, estate agents and solicitors) to decide on their AML rules - I can't say what they will or won't accept as evidence of source of funds when looking at Mr D's statements and his affairs. So – I can't say whether the NSI statement, as produced, will prove to be a problem or not. Mr D has said an estate agent said it wasn't good enough – but there's no evidence as to the impact of that on Mr D's affairs, for example if a house purchase fell through for that sole reason. And – it's not reasonable for me to speculate on any other impacts in the future.

NSI made the suggestion that he evidences his parents' bank account statements which shows the payments being made to his NSI account – that seems to me to have been a reasonable and practical thing for NSI to say. But as I've said, I can't say whether that will , or will not, be accepted by all businesses.

Mr D has argued strongly and in detail in support of his complaint. He will therefore be disappointed by my decision. But having considered everything here, I am not upholding his complaint.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 April 2024.

Martin Lord
Ombudsman