

The complaint

Ms R complains Bank of Scotland plc, trading as Halifax, (“Halifax”) is at fault for delaying the closure of her ISA, causing her financial losses as well as inconvenience.

What happened

Ms R has explained the ISA was converted from a policy she’d taken out more than 25 years earlier to buy her first home. She has explained that at that time she lived at a different address to her current address - and that when she moved to her current address, she didn’t update the policy records with Halifax. She explains that this is because the old address was near her current one and her relatives still lived at the old one.

Ms R has also explained that when she took the policy out, she used a different last name to her current last name (by current I mean the one she uses in this complaint), and her current last name was used at that time as her second to last name. She says Halifax over the years wrote to her using those two names in that way but also wrote using only the last name on the policy, without including her current last name as the second to last name, and also wrote using only her current last name.

Ms R says that when she spoke to Halifax about closing her ISA, she told Halifax her current last name is “*widely used*” including on her passport and bills. She says Halifax had recently referred to her using that name and ten years earlier she had received a letter from Halifax in that name and sent to her current address about matters linked to the ISA.

Ms R’s phone call to close the ISA was made to Halifax on 6 February 2023. She says she was told the proceeds would be paid by 14 March and the ISA would be closed. She sent Halifax a letter with her request too. This was received by Halifax on 7 February. This told Halifax to close the ISA and pay the proceeds to a bank account that Ms R says carried her name as it was on the ISA (by which I mean the name on the account matched the name on the ISA). On 8 February Halifax sent a contract note to Ms R at the address it held for the ISA, showing it had sold her shares on 7 February for £23006.

Halifax’s terms and conditions for the ISA say: “*We may ask for proof of your identity and any other relevant information in line with the law to prevent money laundering. If you do not provide this or we are not satisfied with the proof and other relevant information that you provide, we may... refuse to make payments to you from your ISA... The price at which we then buy or sell shares for your ISA... could be higher or lower than the price at the time we received your application or instructions.*”

Halifax says that after trying to contact Ms R by phone, it wrote to her on 14 February 2023 at the ISA address (which wasn’t her current address), asking her to send documents to confirm her identity – and to do so within ten days of the letter.

The letter (which addressed Ms R using the last name that was on the ISA records but didn't use her current name as the second to last name) said it enclosed a list of documents that could be used to provide evidence of name and a list of documents that could be used to provide evidence of address. It said Ms R should send a document from each list, which had to be two different documents and should be certified copies rather than originals. It also listed the sort of people who could certify the documents, which includes bank staff.

Ms R says she visited a bank branch on 24 February 2023 with "*an abundance*" of documents including bills, her driving licence, her passport, payslips and her birth certificate. She says the branch took copies of those it needed.

Ms R sent Halifax documents by email on 2 March 2023. The documents sent, according to Halifax, were a copy of her passport in her current name (which was in the list of documents for verifying her name), a paper driving licence with her name and address as they appear on the ISA (the list said paper driving licences weren't acceptable) and two bank statements - one with the address that was on the ISA and her current name, the other with no address and her name as it appeared on the ISA.

Ms R also included a note of further explanation, which she said the branch had suggested, about how the ISA had come about, her addresses and the names used in correspondence she had received from Halifax over the years. Her note also asked that the proceeds be paid to a different bank account to the one she'd asked for originally. Ms R says she thought this would speed things up as it was held with Halifax's group and was in her current name with her current address, which she says matched the utility bills she had provided. From what Halifax has sent, though, the documents Ms R emailed to Halifax at that time had the old ISA address on them rather than her current address. Ms R also sent a change of address request slip with her email, requesting the ISA address be changed to her current address.

Halifax's complaint response letter said Ms R called Halifax on 9 March 2023 chasing the payment and was told it was on its way. Halifax acknowledged this was incorrect information and apologised to Ms R in its complaint response letter. I note that on 9 March, in an order placed first thing that morning, Halifax used the £23006 from the 7 February share sale to repurchase shares of the same kind as had been sold to raise that money originally. So it is apparent that by that stage Halifax had decided that what it had received from Ms R wasn't what it needed if it were to continue with the closure transaction she had instructed. Halifax issued a contract note for this repurchase on 13 March 2023 to Ms R's current address. Due to a fall in value since the original sale, the repurchase of shares secured Ms R almost 400 more shares than she'd originally had (which amounted to a little under 2% of the total).

Halifax says Ms R phoned on 15 March 2023 at which time Halifax told her it still needed identification. It says this is because it had documents in three different names and two different addresses, but none showed Ms R living at her new (current) address with her current name. Halifax says Ms R was asked to send proof she was living at the new address she had given (her current address).

On 17 March 2023 Ms R emailed documents including a utility bill showing her current name and current address. From what she has told us and sent us, she also sent a copy of her passport. She has provided email exchanges that show that on that day Halifax replied saying the images did not show the whole documents because they were too zoomed-in and had post-it notes covering parts of them. It asked her to resend them without post-it notes and also to include a photo of herself holding one of the documents.

On 20 March 2023 Ms R replied that she hadn't been told she had to be in the photos with the documents, and she had had to return home from London (to which she would then have to return) to take the photos. Halifax apologised for not telling her of this requirement.

Further email exchanges followed and on 21 March 2023 Halifax was satisfied with what it had received in terms of the content of the photos and also the quality of image. At that point it sold Ms R's investments and issued a new contract note. Ms R points out this was for £700 less than what was on the first contract note. This reduction was due to the fall in share price there had been since the reinvestment that had repurchased the shares – and despite Ms R having secured more shares by virtue of that reinvestment. Those extra shares contributed about £400 to the value, so Ms R's original shares were worth £1100 less at that time than their value on the original contract note, but the extra shares reduced this shortfall to £700.

From what I've seen, the share price of Ms R's shares on 21 March 2023 was higher than it was on 20 March or on the last three days of the previous week and the value she received, allowing for the extra shares, was also higher than she would've received had the shares been sold on the first two days of that previous week. A sale in the week ending 10 March could've produced more but to obtain a value approaching that which Ms R's shares were originally sold for (in early February), the sale would've needed to be before 6 March.

On 22 March 2023 Halifax told Ms R the payment had been released and would be paid in five to ten working days. She says the proceeds were paid on 27 March to the original bank account she nominated, despite her later request to change this, and she wasn't told this at that time and it isn't an account she uses or checks very much.

Ms R seeks the £700 fall in value and also reimbursement of travel expenses from London and then back again. She has received a £150 goodwill payment, but she says this doesn't cover these losses or costs or the time she spent on this matter. She points out Halifax admits errors, including giving her conflicting information.

Ms R also says she would've lost a house purchase had she not borrowed funds from another source – as the ISA funds were to be used for house purchase.

Our investigator considered the complaint but didn't think it ought to be upheld. In brief summary, our investigator thought Halifax was entitled, before closing the ISA and paying Ms R the proceeds, to seek the further proof it had asked Ms R for, to show her name and address, given the variations in the names and addresses on the documents provided and on Halifax's records. Ms R didn't agree. She said, in brief summary:

- Halifax on 6 February 2023 verbally agreed to release the funds, but later requested different evidence, on numerous occasions, resulting in a six-week delay and £700 loss.
- Each time she was asked for evidence she provided it immediately, that day or the next, and phoned to chase the funds she desperately needed, and was told many times they would be paid and to just wait two to three days, only to be asked later for yet more evidence – causing delays from the beginning of February to the end of March.
- Her passport, for example, was taken by her to the branch in early February. She then had to send it again by email in March – and was told this was the final request – but she then had to make a 300 mile round trip from London to send a photo of herself holding it. Halifax staff apologised that they had forgotten to say she needed to be in the photo.
- The branch told her it didn't need copies of all the items she took in, and some that she took in did have her current address on them (and Halifax later said it did need evidence to show her living at her current address).
- She holds correspondence showing that Halifax did know her current address some years ago, having written to her there in 2012 and using her current name.

- There are other examples of Halifax being incompetent, including writing to her at a completely different address. Also it was Halifax that stopped using her current last name as the second to last name in the name it used to address her when writing to her at the ISA address. Also the funds when paid didn't go to the account she had asked it to use most recently but to the first account she had nominated, which caused more delay as she wasn't aware the funds had been paid due to this error and lack of communication. Due to all this incompetence and these delays she lost £700 during this fiasco.

As the matter couldn't be settled informally, it has been passed to me to decide.

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 done so, I've arrived at the same conclusion as our investigator, for broadly the same reasons. I'll explain my reasons briefly and also reply to some of Ms R's new points.

When telling Ms R it would close the ISA and giving her assurances about when she would receive the funds, it was reasonable in my view for Halifax to assume the ISA records were up to date and that Ms R would therefore be able to provide proof of identity as needed and in good time. But the ISA records weren't up to date as the address was out of date. Also the ISA wasn't in the name used by Ms R currently, and widely on many documents she had. In light of those points, I don't find it surprising things took longer than Halifax initially expected and led Ms R to believe. So I don't find Halifax at fault for what it initially told Ms R about that when she called to close the ISA.

Ms R says she provided evidence of identity as soon as she was asked for it, but from what I've seen she sent evidence at the start of March in reply to the request sent in mid-February – which had asked for a reply within ten days. She did attend a branch ten days after the date of Halifax's request, and had documents verified at that point. But those documents still needed to be sent by Ms R to the relevant office of Halifax as requested by Halifax. This did not take place until early March.

What Ms R sent at that time included a request to change the address for the ISA. She did say correspondence could still be sent to the existing address, care of her relatives, but I don't find Halifax unreasonable for instead deciding to update its records with Ms R's actual address, and to send correspondence to that address. Also I think it reasonable that Halifax updated the address records before acting on Ms R's account closure and payment request.

The ISA terms and conditions say if Halifax wasn't provided with satisfactory evidence of identity, payments might not be made - and the amount paid might be affected due to a change in prices. Halifax took the view that satisfactory evidence of identity hadn't been provided. So I've carefully considered whether that was reasonable.

From what I've seen, in what Ms R sent Halifax in her first email of documents there weren't any documents to show that she was living at the new address she had given Halifax. From what Halifax has said, that is what was missing at that point. I don't find it unreasonable that Halifax would want proof of residence before closing an account and paying the funds on an instruction from a person who has just asked for the address of the account to be changed. So I don't think Halifax behaved unfairly or unreasonably in deciding Ms R's first email of documents didn't contain the proof of identity that was needed.

Ms R makes the point that she took documents into the branch that did have her current address on them and so she could and would have sent these if the branch had told her to do so or even not discouraged her from doing so. I've thought about this carefully.

The decision as to what information would satisfy Halifax of Ms R's identity for the purposes of closing the ISA and paying the proceeds to her, wasn't a decision the branch staff would be making. It would be made by those at Halifax responsible for the ISA – who had sent Ms R guidance including a list of documents. Also the staff at the branch won't have been familiar with what records Halifax already held about the ISA. What the branch was qualified to do was verify copies of the documents Ms R wanted to send Halifax - which it did. Also what Ms R did provide included one document from each list of acceptable documents - a passport for her name and a bank statement for her address – so insofar as the branch staff helped her follow that guidance, it did so successfully.

But that guidance was designed for situations where the account records are in order. Ms R wanted urgent payment from an ISA that wasn't registered to her current address or in her current name, and to bank accounts that weren't in the same name as the ISA or weren't in her current name or weren't linked to the address on the ISA. If she wanted guidance on what to send Halifax and which address to evidence in this context, she needed to approach the relevant part of Halifax for it in my view and I'm not persuaded the branch can be blamed for failing to advise Ms R as to what documents would be needed to cover this situation.

So in my view it wasn't unreasonable for Halifax to decide it needed more from Ms R after it received her first email of documents, and I don't find Halifax at fault for the fact that that first email of documents didn't contain all the evidence that Halifax required at that time to satisfy itself of Ms R's identity.

Ms R has said she phoned to chase the money numerous times and was told to wait a few days for it to arrive, but she was then asked for more documents. Halifax has apologised for the fact that on 9 March 2023 it told her the money was on its way when this wasn't right - and Ms R only found out on 15 March, when she phoned again six days later, that she needed to send in more identification. But by then it was too late for Ms R to get Halifax to pay her the money it had raised from selling her shares in February, because it had started to reverse that transaction by using that money to repurchase the same shares. Halifax's error of course delayed matters for at least six days. But if her shares had been sold six days earlier than they actually eventually were, Ms R would've received less than she did receive. So on the basis that Halifax was right to pay Ms R the value of her investments as at the day it received all the proof it needed of her identity, Halifax's 9 March error and the resulting delay didn't cause Ms R loss.

I've considered Halifax's reinvestment on 9 March of the money that had been realised from the share sale it had made for Ms R immediately after receiving her instruction in February. Halifax hadn't at that point in March been able to carry out the transaction Ms R had asked it to carry out – the closure of her ISA and payment to her. Halifax hadn't been unable to do this because it hadn't received evidence to verify the identity of Ms R, who had given that instruction, as being the person entitled to give that instruction and receive those proceeds. As such and on balance, I'm persuaded it wasn't unreasonable for Halifax to take steps at that time to cancel or reverse the part of that instruction that it had carried out so far.

In terms of how Halifax went about doing that, the ISA terms Halifax has referred us to don't make specific provision for this. But the result of the repurchase was Ms R had more shares than she had to start with, so doing things that way benefited her compared to just returning to her the shares she had to begin with. So I've no reason to consider further the repurchase that Halifax used to reverse the initial sale, given its use led to a benefit. I've already noted above that the extra shares raised around £400 when the ISA was closed.

After Ms R sent further documents by email, Halifax told her it needed a photo of her holding one of the documents – and it apologised for not telling her it needed this. In order to send the new photos Ms R had to return home because she was elsewhere – and then travel back again. But the emails she has sent us say there were other issues with the first photos she sent, besides the fact that they didn't include one of her holding one of the documents. So I don't find that Halifax's failure to tell Ms R of this last requirement was the cause of the inconvenience and further delay Ms R suffered at that point.

I've also noted what Ms R says about providing copies of her passport on numerous occasions, but what I've seen suggests to me that after her first email of documents, it wasn't further photos of the passport that Halifax needed but documents to show she was living at her current address. So what she says about the passport doesn't persuade me that Halifax was acting unreasonably or unfairly. Similarly I don't think the existence of a letter sent ten years earlier by Halifax to her current address in connection with matters related to the ISA, shows that Halifax acted unreasonably or unfairly in seeking from Ms R evidence of the kind that it did to confirm her identity before closing the ISA and paying her the proceeds.

I've noted also that Halifax paid the ISA money to the first bank account Ms R had asked Halifax to pay rather than the second one she had nominated, and I acknowledge that Ms R as a result didn't immediately identify that the money had been paid. But I'm not persuaded Halifax was wrong to pay the ISA proceeds into the first account Ms R nominated, or that this was the cause of significant extra inconvenience for Ms R. I note that Halifax did pay her £150 in connection with its shortcomings. In light of all I've said above, I've reached the view, like our investigator, that there aren't grounds here to order Halifax to pay anything more.

So, for the reasons I've given, I don't uphold this complaint. I appreciate that my conclusion will disappoint Ms R. I'm grateful to her for the courteous and detailed responses she has given to all our enquires, including the enclosures she has kindly sent us to evidence these events, all of which have greatly assisted us in our investigation of her complaint.

My final decision

For the reasons I've given, and in light of what I've said above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 14 March 2024.

Richard Sheridan
Ombudsman