

The complaint

Mr S complains that The Royal London Mutual Insurance Society Limited ('Royal London') hasn't helped when he wanted to surrender his Individual Saving Account ('ISA'). He says it asked to verify his identity and he has supplied documentation that did this. But Royal London hasn't accepted this. He thinks Royal London should release his money and pay him compensation for the distress and inconvenience that this has caused him.

What happened

Mr S started an ISA in 1985 with a different business. Royal London now owns this policy.

In a phone call in early 2023, Mr S was given a valuation of his policy. He said that he wanted to surrender his ISA. And he was informed before he did this Royal London would need to complete identity checks and given information about what he would need to provide for this.

Mr S then tried to surrender the ISA. To verify his identity he sent a copy of his passport and the completed withdrawal forms. Royal London didn't complete the surrender as it said it needed a certified copy of his passport - or some of the other forms of identity verification from the list it had previously supplied. Mr S didn't provide any further identity information and made his complaint about being unable to receive the proceeds of his policy.

Royal London told Mr S it couldn't accept his identity verification documents as it was unable to verify his passport electronically. He had recently moved address and he wasn't on the electoral roll. And what he provided didn't match the requirements it had for identity verification documents in this situation.

When Mr S was made aware that Royal London wouldn't surrender his ISA immediately, he asked Royal London if the value of it could be frozen until his identity could be verified. Royal London told him that this wasn't possible.

Mr S doesn't think all of this is reasonable. He thinks he has proved his identity and that Royal London should surrender his ISA. And he has complained on this basis.

Royal London has considered Mr S' complaint but it didn't uphold it. It said it is required by the regulator, the Financial Conduct Authority (FCA) to perform identity checks. And it thinks the identity verification checks it applied here were reasonable. Royal London also said it can't freeze the ISA value while it verified Mr S' identity.

Mr S didn't agree, and he brought his complaint to the Financial Ombudsman Service.

One of our Investigator's considered Mr S' complaint but they didn't uphold it. He said that Royal London's identity verification process was reasonable and it needed to do this to meet its regulatory obligations. What Royal London needed in order to surrender the ISA was made clear to Mr S. And it wasn't acting unreasonably when it didn't freeze Mr S' investment while his identity was verified.

Mr S responded and didn't agree. He asked that his complaint was considered by an ombudsman. He said that the investment was funded from the same account that he wants the proceeds paid to. He said he has been informed in the past that he could withdraw his investment money into this account.

As no agreement has been reached the complaint has been passed to me to issue a final 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.

Under FCA regulations, Royal London is required to verify the identity of customers before making transactions such as withdrawals. The FCA regulations don't say exactly what Royal London needs to do. But its processes have to be robust and it needs to be sure that it is dealing with the right person.

The information I have here shows that Royal London needed to verify Mr S' address as he had moved recently, and he was not on the electoral roll. It asked him to provide originals, or certified copies, of some documents to enable it to do this. I don't think this is unreasonable and is a relatively common method of providing this form of identification.

Mr S hasn't provided these as I've outlined above. So, I don't think it is unreasonable that Royal London didn't process the policy surrender that Mr S wanted.

I also don't think that the fact that Mr S wanted the proceeds paid into a bank account he had used to fund the policy is enough here. Royal London should ask for the identity verification it needs. And it has done this.

And Royal London was right not to 'freeze' the investment while Mr S verified his identity. This would likely lead to Mr S receiving either more or less than his policy was worth at the time it was surrendered.

Given all the above I don't think that Royal London has done anything wrong here. If Mr S still wants to withdraw from, or surrender, his ISA he does need to follow Royal London's identity verification requirements.

My final decision

For the reasons set out above, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 March 2024.

Andy Burlinson
Ombudsman