

The complaint

Mr B complained to Legal and General Assurance Society Limited (L&G) about problems experienced when trying to update the bank account his annuity is paid into. He requested this change in April 2023 but he was unable to provide the documents L&G requested to verify his address.

What happened

In February 2023, Mr B was informed by his UK bank that it would be closing his account in August 2023 because he lives in Turkey. Mr B's annuity had previously been paid into this account. The letter informing him of his account closure was sent to Mr B's address in Turkey.

Mr B contacted L&G to ask it to update the account on his annuity to his Turkish bank account. L&G emailed an overseas mandate form to Mr B on 19 April 2023. The accompanying email explained that Mr B must seek advice before having the payments made into an overseas account. And it explained that:

"The process involved in updating overseas bank details can be quite lengthy so please ensure you allow at least a month for the changes to be implemented before your current bank account closes..."

...

As proof of your identity and to enable us to verify your bank details you MUST also include the following documents:

- Copy of a bank statement (dated within the last 3 months) OR a letter from your bank (dated within the last 3 months) showing
 - your address
 - new account details
 - name of the account holder (you must be named as one of the account holders)
- Certified copy of your passport (Recently certified in the past 6 months by a Notary/Solicitor/Bank)"

Mr B emailed the signed and completed overseas mandate and emailed this back to L&G on 30 April 2023, along with a stamped copy of his Turkish bank statement covering the last three months and a verified copy of his passport. In his covering email, Mr B explained that as his bank statement doesn't include his address, he'd sent a copy of the last letter L&G had sent him from 27 January 2023 as proof of his address.

On 25 May 2023, L&G emailed Mr B acknowledging the receipt of the documents saying they were under review but that it needed a bank statement or letter from Mr B's bank, dated within the last three months, showing his name, IBAN and home address. This was because the bank statement didn't confirm his address.

Mr B called L&G on 31 May 2023 and explained that Turkish bank statements don't list the home addresses and that he also didn't have any letters from his bank as everything was

done online. L&G confirmed Mr B didn't need to send anything else and that he should receive confirmation in the next 30 days that the change to his bank account had been made.

On 30 June 2023, Mr B noted that his annuity had been paid into his UK bank account. He emailed L&G, noting his disappointment to find his account hadn't been switched as he'd been told L&G had everything it needed. L&G raised this as a complaint.

L&G emailed Mr B on 3 July 2023, apologising that the information it had given Mr B previously was incorrect; it needed further information. L&G said it required either a bank statement, a letter from his bank or utility bill confirming his name and address, dated within the last three months.

On 17 August 2023, L&G emailed Mr B again saying in order to make the changes to his bank account they still required a copy of a recent utility bill dated within the last three months confirming his name and address.

Mr B replied the same day saying:

"This is getting ridiculous now!"

I was assured 2 months ago that all the documentation requests had been met and you do not require any more documents.

As I have already explained we rent our apartment and all the utility bills are in the landlord's name.

This is why I had to go to the bank and get an authorised and stamped bank statement going back 3 months.

My [UK bank] bank account is being closed on Monday so any further payments to them will be rejected.

If you look at my request record I am sure you will find I have met all the requirements that I possibly can."

On 12 September 2023, L&G replied to Mr B's above email, dated 17 August 2023. It apologised again for the incorrect information he'd been given over the phone and explained why it had certain criteria that had to be met before it would make payments to an overseas bank. L&G said it still required documentation and suggested alternatives such as a bank letter/statement from the UK bank they currently hold details for, dated within the last three months on headed paper confirming his name and address, or a letter from HMRC from the last three months confirming his name, current address and National Insurance number.

Mr B replied on 17 September 2023, attaching the letter from his UK bank from February 2023 informing him of the account closure and said he'd provided everything he could, including letters from L&G to his current address.

L&G issued its final response to the complaint on 2 October 2023. It apologised again for giving Mr B incorrect information over the phone, when it told him nothing else was required, and offered £100 compensation for this. However, it said it had since explained to him several times what was required to verify his address.

L&G sent a further email to Mr B on 3 October 2023, explaining that the February 2023 letter from Mr B's UK bank showed a different address than what it had on file. It again asked for a bank statement, utility bill or HMRC letter showing Mr B's address, dated in the last three months. L&G chased again for this on 6 November 2023.

Mr B referred his complaint to our service where it was considered by one of our investigators. Our investigator thought the complaint should be upheld. In summary he said that, as far as he was aware, Mr B was not receiving his annuity as his UK bank account had closed in August 2023. And he didn't think L&G had done enough to assist Mr B in verifying his address. So, it thought it should offer him alternative methods he can use to verify his address in order to start receiving his annuity income again. The investigator also said that once this was done, L&G should then work out when it should have offered other options, when it should have been able to update Mr B's bank details and also when it should have been able to pay Mr B his annuity into the new account. The investigator said L&G should apply 8% simple interest to the missed annuity payments from that date until the date they're paid and deduct tax as appropriate. And he thought L&G should also increase compensation it has offered to £300 in total.

Mr B accepted the investigators findings and he also confirmed that upon checking his Turkish bank statement, he could see that he'd received two payments from L&G in December 2023. But he'd had no correspondence from L&G to confirm it was making these payments. So he said he would be contacting L&G to check that his annuity payments had been reinstated.

L&G didn't accept the investigator's findings. In summary it said that:

- had Mr B provided the letter from his UK bank confirming the closure of his UK bank account when he originally sent in the mandate, then L&G would have accepted it. When Mr B did provide this letter, five months later he had moved address which meant the address on this letter did not match L&G's system.
- Turkey is classed as a very high-risk country which means customers must be run through enhanced due diligence screening – to do this L&G needed to verify Mr B's ID, address and bank details. At the initial point of contact, L&G was not given any documents to verify Mr B's address.
- Although Mr B was given the wrong information over the phone (having previously been sent an email asking for the required document) he was told in numerous emails following the call what our requirements were.
- L&G was not aware that all his utility bills were in his landlord's name and doesn't believe Mr B told it this. Certainly not his initial email otherwise L&G would have sought to find a solution. L&G originally asked for a bank statement not a utility bill and believe Mr B should have been able to obtain this from his Turkish bank as other customers living in Turkey have been able to provide this.
- It accepts that Mr B was given the wrong information over the telephone. This complaint was upheld but it believes the correct procedures were followed to obtain the documentation it required to change Mr B's bank details.
- Mr B's policy is now in payment due to the exceptional circumstances.

Our investigator responded to L&G, explaining that he understood L&G had to verify Mr B's identity, and that the letter from Mr B's UK bank was over three months old when he provided it. But it was the investigator's view that the address matched his address from the overseas mandate, the payslip sent to him in January 2023 and the address Mr B had provided to our Service; it was just in a slightly different format, the main difference being a minor typographical error in the town name. The investigator also acknowledged that Mr B was told what L&G's requirements were, several times. But by September 2023 (at the latest), through no fault of his own, it was clear Mr B wasn't going to be able to provide the documents requested. Mr B made L&G aware of the issue with the landlord's name by email on 17 August 2023.

The investigator explained that the Joint Money Laundering Steering Group – Prevention of money laundering/combating terrorist financing guidance from June 2023, sets out further

approaches a business can take when dealing with customers who can't provide the standard evidence.

This states that in such cases, the firm will need an approach that compensates for the difficulties that such customers may face in providing the standard evidence of identity. It also states that the money laundering regulations are not explicit as to what is and isn't acceptable evidence of identity, and that simply citing these regulations isn't enough of a reason without giving proper consideration to the evidence available.

The investigator thought that L&G had simply requested the information that Mr B had already confirmed he couldn't provide. So, he thought L&G should have offered other reasonable ways Mr B could verify his identity. This then would have allowed his annuity payments to recommence sooner.

The investigator reiterated that he thought L&G should pay simple interest at 8% on the missed annuity payments and that it should pay compensation of £300 for the distress and inconvenience caused to Mr B.

To date, despite being chased, L&G has not provided a response to the investigator's second opinion. The matter has been passed to me to reach 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.

Having reviewed all the information on file, I agree with the outcome the investigator reached and for the same reasons. I don't intend to repeat everything our investigator said here and I note that L&G hasn't provided any further submissions for consideration. So I've only summarised my reasoning for upholding the complaint below.

I think it ought to have been evident to L&G after it first received Mr B's completed overseas mandate form that he was unable to provide a bank statement from his Turkish bank account with his address on, as this had been noted in the covering email. And I note that during the call with L&G on 31 May 2023, Mr B further explained this to the call handler, stating that he had experienced problems with verifying his address in the past and his Turkish bank had been unable to help. His Turkish bank doesn't issue correspondence; everything is done online so it has never written to him.

I appreciate L&G accepts that Mr B was incorrectly told during this call that he didn't need to provide any further information. And that this was corrected in subsequent emails it sent to Mr B. But it wasn't until July 2023 that Mr B was offered the alternative of providing a utility bill to verify his address, despite notifying L&G that he would be unable to provide correspondence from his Turkish bank with his address on it in his email dated 30 April 2023 and the subsequent call on 31 May 2023.

Had L&G not given incorrect information during the call with Mr B on 31 May 2023, and had instead confirmed that it could have accepted a utility bill, I think it's likely that Mr B would have explained during this call that his utilities were in his landlord's name. At this point L&G could have discussed further alternative ways of Mr B verifying his address. And, had this happened, I think it's likely that Mr B's address would have been updated before his UK bank account was closed in August 2023. And there wouldn't have been any delays to his annuity payments being received.

While I accept L&G was required to verify Mr B's address, I think it overlooked what Mr B had told it on several occasions, and the incorrect information given during the call in May 2023, meant that it didn't provide Mr B with suitable alternatives for updating his address in a

timely manner. This ultimately led to Mr B's annuity payments being stopped after Mr B's UK bank account was closed.

I'm pleased to hear that L&G has now updated Mr B's bank account and the annuity payments were reinstated in December 2023, with payment being made to reflect the payments that were missed after Mr B's UK bank account was closed. But Mr B didn't receive these payments when he should have. And he was also caused inconvenience and frustration trying to sort this matter out.

L&G has already offered Mr B £100 for the mistake it made during the call in May 2023. But for the reasons I've explained above, I think L&G overlooked information Mr B had provided and ultimately missed opportunities to resolve this matter sooner. I've set out below what L&G needs to do to put this right.

Putting things right

L&G should pay Mr B 8% simple interest on the missed annuity payments, from the date the payments should have been made, to the date they were actually paid in December 2023. In recognition of the frustration and inconvenience this matter caused Mr B, L&G should pay him total compensation of £300.

My final decision

For the reasons explained, I uphold this complaint and direct Legal and General Assurance Society Limited to pay compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 April 2024.

Lorna Goulding

Ombudsman