

The complaint

Mr S complains that Yorkshire Building Society (YBS) require him to produce identification to open the account he wants to open, despite them already holding this.

What happened

Mr S had a Loyalty Regular Saver that matured, and YBS transferred this to a Six Access Saver. Mr S wanted YBS to transfer the matured funds into an Online Rainy Day Account, which paid a higher rate of interest. But YBS said they required identification from Mr S to do this. Mr S told them they already had his passport on file and his proof of address from the previous year, so they should be able to process his instructions. He says he's looking to move the money internally in the same way as YBS would like to move his funds. Mr S made a complaint to YBS.

YBS did not uphold Mr S' complaint. They said they would be able to accept his passport on file, however, for the full verification check they require either three pieces of identification (one name, one address, and another of either) if he was sending this to YBS in the post, and two pieces of identification if he was taking these into the branch face to face (one name, and one address). Mr S brought his complaint to our service.

YBS told our service that on 20 September 2023 Mr S asked YBS how he could register a complaint. They said they incorrectly informed him that he'd need to email them, but they should've obtained details of his complaint during this call and registered the complaint on their system on his behalf. They offered £75 compensation, but Mr S rejected this.

Our investigator partially upheld Mr S' complaint as she said the £75 was fair for the incorrect information about YBS logging his complaint. She said YBS asked Mr S to provide current proof of address as their electronic verification system had returned an insufficient confirmation. Our investigator said that YBS had on record a bank statement that Mr S had used for his address verification to open the Loyalty Regular Saver account, but this was a year old. She said YBS's policy for verifying identity shows they require the proof of address for a bank statement to be dated within the past three months.

Mr S asked for an ombudsman to review his complaint. He made a number of points. In summary, he said he wanted our service to look into if YBS' procedures were good industry practice which allowed them to transfer the money into an account which has a lower interest rate without needing identification, as opposed to transferring the same money into an account that he wanted with a higher interest rate. Mr S sent a web page link which is titled "*Bank Accounts You Can Open Without ID*".

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.

Firstly, I'm aware that I've only summarised Mr S' complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply

reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to explain to Mr S that it is not within this service's remit to tell a business how they should run their account opening/maturity procedures, such as when they request identification from a customer whether they are an existing customer or not. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct YBS to make changes to their policies and procedures, if necessary.

Mr S wants our service to take into account what is good industry practice. Amongst other things, I am required to take into account good industry practice and in my view, I'm not persuaded YBS have acted outside of how I would expect them to act here, and I'll explain why.

When Mr S opened the Loyalty Regular Saver, the product fact sheet showed what would happen to the account upon maturity. Here it says *"On the anniversary of your account opening, your savings will be transferred to the Six Access Saver account and you will have easy access to your funds"*. So I do think the product factsheet was clear on what type of account the matured funds would be in.

But the reality is, the funds don't get transferred as such. I say this because my understanding is that the account details such as the account number/sort code etc stay the same. There is no closure of an account and an opening of a brand new account. Mr S wanted the savings to go into a brand new account. In order for this to happen, the new account would need to be opened, and the other account would be closed, with the funds being transferred to the new account.

Mr S had the choice of transferring the matured funds into a new account. And this is what he wanted to do. YBS are clear on their *"Verifying your identity"* document that *"We'll ask you to confirm your identity when you open an account"*. So as Mr S wanted to open a new account to transfer his matured funds to, I'm not persuaded that YBS acted outside of what their procedures were when they asked Mr S to provide identification documents.

This document also sets out that *"We'll first try to electronically verify your identity and that of anyone else associated with your account. If we're not able to verify you this way – perhaps because you're not listed on the electoral roll or have recently moved house – you will need to provide identification documents (ID)."*

YBS have provided our service evidence that they did try to electronically verify Mr S. But they weren't able to successfully identify him here. If they would have been able to, then it appears they wouldn't have needed to ask him for the identity requirements that they did ask from him. So I can't say YBS would always need to ask an existing customer to provide additional identification.

But when this was not successful, YBS asked him to provide identification to open the account he wanted to open. I don't find this request to be unreasonable when YBS had already set out their process. While it is Mr S' right not to provide any further identification, it is equally YBS' right to not open an account without this.

I've considered that Mr S had provided his identification in the previous year. While YBS were willing to accept the passport Mr S provided from the previous year, they would not accept his bank statement from the previous year. I don't think YBS were unreasonable to not accept the bank statement from the previous year. This is because the *"Verifying your identity"* document clearly sets out that for them to accept a bank statement as identification,

it needs to be “*issued within the last 3 months*”. So a bank statement from a year earlier would not have been issued within the last three months.

I've looked at the website Mr S sent us the link to. While this mentions bank accounts, banks and basic current accounts, and YBS is a building society not a bank, and it's a savings account and not a bank account he's tried to open with YBS, I understand the point he is trying to convey here. The five banks listed on this page do need identification to be opened, although not all of them need address identification.

But YBS also wouldn't have needed address identification from Mr S if the electronic check was successful. And I'm not persuaded that because five banks may have a different opening procedure than YBS, that this means YBS is not following good industry practice. YBS are able to make a commercial decision to decide their account opening/maturity procedures in order to meet their legal and regulatory obligations. And I'm not persuaded they treated Mr S unfairly here by doing so.

I've considered that YBS have since offered £75 for the complaint handling issues. It appears that Mr S was told incorrect information on 20 September 2023, and he emailed them on 20 September 2023. The call handler should have taken his complaint over the phone. This meant that Mr S had to take time to draft the complaint email to YBS. But as the complaint was made on the same day as the phone calls, I'm not persuaded that further compensation apart from the £75 YBS offered would be proportionate in this instance. So it follows I'll be asking YBS to pay Mr S £75.

Putting things right

YBS have suggested that they pay Mr S £75 compensation for distress and inconvenience, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint in part. Yorkshire Building Society should pay Mr S £75 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 June 2024.

Gregory Sloanes
Ombudsman