

The complaint

Mr S complains that Saxo Capital Markets UK Limited ('Saxo') have requested excessive amounts of personal financial information as part of their 'know your customer' checks.

Mr S says that he's been put through a process that simply isn't acceptable and has been incredibly stressed by Saxo's handling of the matter.

What happened

In June 2020, Mr S opened a dealing account with Saxo and made an initial deposit of £10,000. And, in the months that followed, Mr S undertook a range of transactions on his account.

In or around July 2023, Saxo decided to initiate additional verification checks on Mr S's account, so they wrote to him explaining that they were undertaking a review and as part of their assessment, they needed some information from him about his finances. As part of that process, Saxo explained that if Mr S was unable to provide the level of information that they needed, his account would be closed.

In an attempt to resolve matters, Mr S contacted Saxo on multiple occasions to provide both the information that had been requested and to try and better understand the background to their request. After becoming frustrated with the lack of information he was receiving about the motivation behind Saxo's request and his inability to speak with a team member on the telephone, Mr S decided to formally complain to Saxo. In summary, he said that he was unhappy with the service he'd received from them when attempting to renew his account.

After reviewing Mr S's complaint, Saxo concluded the information that they'd requested was necessary for them to be able to undertake their checks. However, Saxo conceded that they could understand why Mr S may have been frustrated with their service so to acknowledge the trouble caused, Saxo offered Mr S £50 to resolve matters. This offer was later increased to £150.

Mr S was unhappy with Saxo's response, so he referred his complaint to this service. In summary, he repeated the same concerns that he'd made to Saxo. In addition, Mr S also said:

- He wanted this service to look at Saxo's process and challenge why his circumstances had triggered a 'high risk' review being undertaken on his affairs.
- He'd always conducted his account in good order, and it was always well funded; he's a fairly infrequent trader, and his patterns of activity haven't altered that much since opening the account so he's disappointed that Saxo decided to undertake such an intrusive process.
- He said that he'd found Saxo incredibly frustrating to deal with because he had to

undertake the whole exercise via email, and with many different individuals there and despite offering them the opportunity to speak to his accountant, Saxo failed to engage with him to resolve matters promptly.

The complaint was then considered by one of our Investigators. She concluded that Saxo hadn't treated Mr S unfairly because from what she'd seen, since opening the account, he'd deposited around €350,000 by the point Saxo had asked for additional verification, so it wasn't unreasonable for them to question the source of the funds. In addition, having looked at the information that Saxo had asked for from Mrs S, our Investigator didn't feel their requests were excessive. However, our Investigator was of the view that there were some service issues which caused unnecessary distress and inconvenience to Mr S so Saxo's offer of £150 to acknowledge that was fair and reasonable.

Mr S, however, disagreed with our Investigator's findings. In summary, Mr S said that having opened the account in 2020, evidence of funds was provided to Saxo at that point and since then, his circumstances hadn't altered so he didn't understand why Saxo were now pressing for more information. In addition, Mr S also said:

- The level of detail that Saxo had requested was, in his opinion and that of his accountant, excessive and far beyond what could be considered a normal request, particularly in light of the fact that he'd opened the account in 2020, and his last purchase was undertaken in July 2022.
- Saxo failed to provide a single point of contact for him when trying to resolve matters, making the whole situation more stressful than it needed to be, particularly in light of the fact he'd received an email from them explaining his account was at risk of closure.
- He said that he couldn't think of any other financial institution that would request the level of information that Saxo had. He said that he strongly disagreed with our Investigator's view that the level of information requested wasn't excessive – because he felt it was.

Our Investigator was not persuaded to change her view as she didn't believe that Mr S had presented any new arguments she'd not already considered or responded to. Unhappy with that outcome, Mr S then asked the Investigator to pass the case to an Ombudsman for a 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.

I have summarised this complaint in less detail than Mr S has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr S and Saxo in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in

what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm upholding Mr S's complaint but I'm not going to instruct Saxo to do anything beyond what they've already offered to do - I'll explain why below.

I think it's important to start by explaining the background to why Saxo asked Mr S to provide them with additional information about his personal finances, well after the account had opened. All regulated financial services firms, including Saxo, are obligated to ensure that the records they hold about their customers' background and circumstances are up to date. They're required to do this at the start of the relationship and on an ongoing basis and it's often referred to as 'know your customer', or 'KYC'. Those checks are designed for a number of reasons, not least to help prevent money laundering and fraud. Without an updated customer record, Saxo isn't able to maintain compliance with its legal and regulatory requirements. And, any failure on Saxo's part to ensure their KYC records are up to date could result in serious consequences for them such as financial penalties or in a worst case scenario, loss of license. Importantly, the rules that provide the foundation for KYC checks are updated regularly so it doesn't necessarily follow that just because a firm didn't ask for a particular piece of information when the account was originally opened (or that they only asked for very basic information on the issue), that they then can't ask the consumer to provide wider clarification on the issue later on.

So, whilst Mr S says that his circumstances since opening the account haven't changed, it doesn't matter. The rules covering fighting financial crime are broad and updated regularly and Saxo is well within its rights to request reasonable information from its consumers as and when either those external rules or its own policies alter or as part of its ongoing cyclical checking to ensure the accounts being managed on its platform fall within its risk appetite.

I've looked closely at Mr S's transactions with Saxo; he made the following deposits over three years: 2020 - £204,000 (within five months of opening the account), 2021 - £90,000 and 2022 - £40,000. Given what I know of Mr S's self-employed occupation combined with the size and frequency of those deposits, I don't think Saxo have been unreasonable in either classifying his account as high risk and also requesting further evidence from him about how he'd been funding those deposits. Whilst I appreciate that Mr S may think the nature of Saxo's information requests were intrusive, there's an expectation on firms' Money Laundering Reporting Officers to obtain conclusive evidence that account funding has come from legitimate means - that requires them to secure a detailed evidence trail rather than relying solely on what the consumer is telling them. And, from what I've seen of the documents requested of Mr S, I can't conclude that they were unreasonable or excessive in nature.

In his correspondence with our Investigator, Mr S said that in his opinion, Saxo's due process is absolutely not at the level it should be and their procedures and training needs overhauling so other consumers don't suffer as he has done. But, it's not the role of this service to oversee the processes within a firm or to regulate businesses – that's the responsibility of the Financial Conduct Authority. It's also not the role of this service to direct firms on how they should undertake their operations or what training they need to undertake; that's a commercial decision for them. So, whilst Mr S may have preferred to have a point of contact at Saxo that he could telephone about resolving the KYC refresh, it's down to Saxo to determine whether or not they wish to make their anti-money laundering team available to their consumers.

Using financial services won't always be hassle free and sometimes consumers experience frustrations when they're engaging with firms. From what I've seen, I think it would've been

helpful had Saxo framed the wider reasoning to the information that they needed sooner rather than following Mr S's complaint. I can also well imagine how concerned Mr S must have been when he received Saxo's email explaining that his positions were at risk of closure if he failed to provide information that he'd already sent in and not yet had a response on. Saxo have already made an offer of £150 to Mr S to recognise the trouble that they've caused and I think that amount is fair and reasonable in the circumstances and is at a level I would have instructed them to pay had they not already offered to do so.

My final decision

Saxo Capital Markets UK Limited has already made an offer to pay Mr S £150 to settle the complaint and I think this offer is fair in all of the circumstances.

So, my final decision is that Saxo Capital Markets UK Limited should pay Mr S £150 if they've not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 March 2025.

Simon Fox
Ombudsman