

The complaint

Mr S complains that STARTLINE MOTOR FINANCE LIMITED (Startline) asked him to show where funds came from before they would accept a lump sum to settle his account.

Mr S has been represented by Miss G in this complaint but as he is the account holder I will refer only to him. I mean no disrespect to Miss G when doing that.

What happened

Mr S had a hire purchase agreement with Startline and in or around June 2022 he sent £15,000 to settle it. Startline asked for a statement of funds to show where the money had come from, but Mr S thought they were unreasonable to ask for that as it was none of their business. There was a delay but when Mr S provided the evidence Startline required they accepted the money, and the account was settled in July 2024.

Startline said they asked for that evidence in order to comply with Anti Money Laundering rules but as Mr S thought that excessive he referred the complaint to this service. Our investigator didn't think Startline had been unreasonable. But Mr S was still dissatisfied, and he asked for a decision by an ombudsman.

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.

Finance companies are required to ensure that funds they receive are not linked to illegal activities, such as money laundering or fraud. Verifying the source of funds is, therefore, a standard part of due diligence especially for large payments such as this.

It's for Startline to decide how they ensure compliance with those requirements so as to minimise their legal and reputational risk.

If the amount is only small it may be overly or unnecessarily intrusive to make enquiries and I also wouldn't expect Startline to discriminate and ask only some customers for proof, at least without justification for that. But, here, the payment was large, and I don't think Startline have been discriminatory. They've explained that this is the way they deal with payments of this type in general. It's not for this service to interfere with their operational practices and while I understand why Mr S would be upset to be asked to show where funds came from, I don't think Startline were wrong to do that. It follows that I don't think any compensation is due.

I understand that as a result of the delay Mr S had to pay a further instalment and I understand it must have been frustrating to have made so many calls to try to resolve the situation. But as I don't think Startline were unreasonable to request the information I don't think it would be fair to ask them to provide compensation for issues that ensued.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 January 2025.

Phillip McMahon
Ombudsman