

The complaint

Mr F complains that Plum Fintech Limited ("Plum") unfairly requested evidence of the source of his funds when investing in a cash ISA with it. In particular, Mr F is unhappy Plum didn't disclose information detailing the enquiries it would make regarding the source of his investment or confirm what evidence it would want from him before he invested his money.

What happened

Mr F opened a cash ISA with Plum and deposited £40,000 into it from an account held with another provider. An agent of Plum's contacted Mr F on 24 April 2024 to perform a routine regulatory check. Plum's agent asked Mr F to confirm the source of his funds that he had deposited with it - such as salary, an inheritance or other means - and that he specify and provide any relevant documentation as well as a request to upload his ID.

In response Mr F uploaded his driver's license but didn't confirm the source of his funds or provide any evidence of this and so Plum chased him for this on 30 April.

Mr F advised Plum on 6 May that his funds came from bank accounts held with other provider's and that he was having difficulties accessing the link to provide further documentation. Plum's agent clarified that as part of its checks it needed to know the origin of the funds/savings deposited into his account and gave an example explaining if the funds originated from employment to provide documents such as recent pay slips.

Plum sent further reminders and requests for this information on 15 and 22 May.

On 28 July Mr F confirmed the funds came from his savings account with another provider and that the funds arose as a result of employment tribunal claims and provided evidence of the settlements. Mr F said if Plum asked him to confirm any further details he would complain on the grounds that the requests for information should have been asked before his deposits were accepted, are intrusive and probably have an ulterior motive.

On 29 July Plum's agent asked Mr F provide it with the corresponding bank statements showing the receipt of the funds in question into his bank account.

Mr F responded stating its request was unreasonable and that Plum refund the £40,000 plus any accrued interest within 14 days by cheque or bank transfer to the account provided (which was different to the account the funds came from). Mr F asked Plum to confirm by return it will follow this instruction.

Plum responded that it can refund and close his account but that the funds would be refunded to Mr F's bank account that was linked to it and asked Mr F let it know explicitly if this is what he wants.

Mr F complained to Plum about this on 11 August. Mr F was unhappy Plum did not disclose information detailing the enquiries it would make regarding the source of his investment stating that the Financial Conduct Authority (FCA) doesn't obligate Plum to pursue investors like it has pursued him. Mr F believes as the money came from another bank that the source

of his funds would've already been investigated from that bank and that Plum's requests for evidence was unreasonable and primarily focused on data mining. Mr F asked Plum to confirm if the amount of interest earned on his investment with it had been reduced due to not disclosing some of the evidence requested and asked Plum pay his money into his linked bank account as soon as possible - which Plum did with interest.

Plum didn't uphold Mr F's complaint. It says it's obligated to conduct checks to comply with strict regulatory requirements and the checks are necessary to verify the identity of its customers and the legitimacy of funds being deposited. Plum says these obligations are outlined on its help centre website and that its terms and conditions also allow for it to request this documentation and information. Plum acknowledged that Mr F's funds had come from a reputable financial institution but explained it was obligated to conduct its own regulatory checks.

Plum explained it couldn't return the funds to the account Mr F provided as it wasn't linked and also wasn't able to proceed with the return of Mr F's funds without his explicit consent to refund to the linked account. Plum confirmed that interest continued to accrue and was credited to Mr F's account throughout the period.

Mr F was dissatisfied with this and so brought his complaint to this service.

One of our investigator's looked into Mr F's concerns but didn't think Plum had done anything wrong. Plum's terms and conditions allow it to request documentation or information that may be reasonably required and that this is in-line with regulatory requirements where not only customers need to be verified but so does the origin of their funds. Furthermore, they didn't think Plum did anything wrong when it didn't refund Mr F's funds to the account he requested as it wasn't linked and therefore outside of its policy to return funds to a linked account and as Plum confirmed Mr F's account continued to earn interest they didn't think he'd suffered any financial loss.

Mr F disagreed. He says Plum never asked him to provide evidence confirming the other bank accounts he had or that the funds had originally been paid into these accounts and then transferred to his account with Plum. Mr F says that by refunding his Plum ISA investment 24 hours after it asked him to confirm that's what he wanted resulted in him not being able to provide new instructions to transfer the funds into an ISA associated to the linked account provider and has asked for an ombudsman's 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 hope that Mr F won't take it as a discourtesy that I've outlined his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that.

And the crux of Mr F's complaint is regarding the information and documentation Plum required to evidence the source of his funds. Mr F believes Plum should've made him aware of this before he deposited his funds and that the information and documentation it wanted was unreasonable as the financial institution the money came from had already conducted such checks. Furthermore, Mr F says Plum failed to request the relevant information earlier on or if at all.

As we are not the regulator, I don't have the power to tell Plum how it needs to run its business and I can't make Plum change its systems or processes – such as when it requires

a customer to provide certain information or documentation to conduct regulatory checks or how they are carried out or what information will satisfy these requirements. This is simply not something I can get involved with. Nor can I say what procedures Plum needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service, and we have no regulatory or disciplinary role.

That said I don't think it is unreasonable for it to carry out these checks in order to ensure it meets regulatory requirements. I appreciate this does cause some administrative inconvenience, but I think most would accept sometimes – especially when dealing with financial matters - one has to spend some time dealing with this as it is to protect not only businesses against criminal activity but also their customers.

Nor do I think Plum have been unreasonable in the information it asked for - the origin of the funds Mr F deposited into his account. I appreciate Mr F says the checks would've already been conducted by another regulated and reputable financial institution, but I don't think it would be fair to expect Plum to rely on this when it has no first-hand evidence of this and just because another business has conducted these checks doesn't absolve Plum of meeting its own regulatory obligations.

I also don't think it unreasonable that Plum didn't ask for this information earlier on, as it wasn't to know what funds Mr F was going to use or where they were coming from before he deposited them. In any case I don't think the type of information Mr F was asked for was unusual or out of the ordinary and is outlined on its website and Plum has followed its processes in-line with its terms and conditions.

Mr F says Plum never asked for evidence confirming he'd funded his investment from accounts where the settlement of his tribunal claims had been paid or evidence of these accounts. It might not have specifically stated this at the outset, indeed this wouldn't be possible as Plum didn't know where the money came from until Mr F confirmed this. But it did ask for information as to the source of his funds and to evidence this. And I don't think wanting to see evidence of the path the funds have travelled – from the settlement being paid into his bank account and then transferred to another account and finally to Plum – is an unreasonable request. This is a request that can be satisfied by providing bank statements as Plum requested once it understood the origin of Mr F's funds.

So overall I don't think Plum has treated Mr F unfairly when it requested information from him to comply with its regulatory obligations.

I also don't think Plum made an error when it asked for Mr F's explicit consent to refund his money into the linked account Mr F had with it and that on receiving this it did so without delay. Mr F had made it clear he wasn't going to provide any further information or documentation and wanted his funds returned. Furthermore, I don't think Mr F has lost out financially due to Plum's requirements as I understand while going through this process interest continued to accrue to Mr F's account and that this was paid out with the proceeds.

And so it follows I don't uphold Mr F's complaint as I don't think Plum has treated Mr F unfairly or done anything wrong.

My final decision

For the reasons I've explained I do not uphold Mr F's complaint against Plum Fintech Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 2 January 2025.

Caroline Davies
Ombudsman