

## The complaint

Ms P complains RBS Collective Investment Funds Limited ('RCIF') caused her financial loss by delaying a withdrawal from her stocks and shares ISA.

## What happened

Ms P has a stocks and shares ISA with RCIF which she says was opened in 2009. She called RCIF on 15 November 2023 and initially had difficulties passing its verification process where her address had changed. When she was able to correctly give the previous recorded address, RCIF explained there was a 'gone away' marker on her account, which had been in place since 2014. It told her in this call the marker would be removed, allowing letters to be sent to her again. During this call Ms P instructed RCIF to withdraw £4,738.74, leaving £4,000 in the ISA.

Unknown to Ms P the gone away marker hadn't been removed which prevented most letters RCIF tried to send her from being sent. This included three letters from RCIF asking Ms P to provide identity and address verification information across November and December 2023.

As Ms P hadn't responded to those letters RCIF used a tracing service to try to contact her, which wrote to her on 13 December 2023. Concerned about receiving this letter, Ms P called RCIF on 19 December 2023 during which she also enquired about the progress of her withdrawal and asked for an update. RCIF told her in this call that the marker was still preventing letters being sent to her, and again told her it would be removed, and that verification information was needed from her to complete the withdrawal.

It wasn't until 13 January 2024 that RCIF removed the 'gone away' marker on Ms P's account. Following which a further verification request was sent to Ms P on 19 January 2024. This letter explained RCIF couldn't process her withdrawal request until she provided verification information for her identity and address. It provided instructions and a list of acceptable documents to refer to.

In response to that letter, Ms P wrote to RCIF to say she was unhappy it was asking for that information. She felt her existing bank account with another firm in RCIF's group which she had verified before ought to be sufficient. She also questioned the reasoning and basis for the verification request.

RCIF considered Ms P's concerns as a complaint and looked into the issues raised in her letter. Having done so it wrote to her to explain that it wouldn't be upholding her concerns. It said this was because while it was able to update Ms P's address, it needed to verify her identity and address due to Money Laundering Regulations and asked her again to provide the documents it requested.

Ms P remained unhappy with how RCIF had dealt with her withdrawal request and referred her complaint to our service. She told us the delay in her withdrawal had caused her financial loss as it led to delayed completion to renovations on a property she was expecting to rent for additional income by six months. She also said she incurred other related expenses and that the delay had negatively impacted her health due to the stress caused.

Following Ms P's referral of her complaint to our service, RCIF decided to as an exception verify Ms P through alternative means and released the withdrawal to her account on 15 May 2024.

One of our Investigators looked into what happened and while she didn't think RCIF had treated her unfairly by asking for verification documents, it had caused Ms P distress and inconvenience by not removing the 'gone away' marker for two months after it said it would. To put things right, she suggested RCIF pay her £250 to recognise the inconvenience caused.

RCIF accepted our Investigator's outcome, Ms P did not. In response to our Investigator Ms P provided detailed reasons why she felt RCIF's request was unnecessary. In her opinion the account was rarely used and so if anything was less likely to require verification. She also pointed out that the terms say payment should be made within four days and disagreed with our Investigator's interpretation of the use of the word 'identification' in that clause.

Our Investigator considered Ms P's response but didn't change her outcome. As no agreement was reached Ms P's complaint was passed to me to decide.

### **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'd like to acknowledge Ms P's strength of feeling about what has happened. Her submissions are detailed and while I've considered them carefully in full, I don't find it necessary to address every point raised in those, instead I'll focus on what I think to be the most relevant considerations when explaining my decision on her complaint. I mean Ms P no disservice by doing so, it merely reflects the informal nature of our service.

RCIF says its verification procedures were triggered due to Ms P in the same call both changing her address and instructing a withdrawal. In Ms P's mind it's likely all she considered she was doing was partially withdrawing proceeds of her investment from an account she hadn't used in a long time. But in those situations when a firm hasn't had contact from a customer for many years and receives an instruction like hers, it can raise concerns about the security of an account which it has an obligation to take steps to protect.

Before it released Ms P's withdrawal RCIF wanted to be satisfied it was Ms P giving those instructions, and not someone else trying to compromise her investment savings. In doing so, RCIF suspended any payments out of her ISA until Ms P provided the required verification documents to evidence her identity and address.

Firms are obligated to protect accounts from fraud as well as the prevention of money laundering and criminal financing. In summary this means firms are required to verify consumer identities at certain checkpoints, one of which is withdrawals when such checks haven't previously been carried out or is the first withdrawal instruction since 2018, when many of these rules came into force.

RCIF cater for such checks in its terms and conditions which set out withdrawals are paid within four days subject to '...provision of any identification that may be necessary to satisfy anti-money laundering requirements'. I don't agree the use of 'identification' here would preclude RCIF from asking for the identity and address information as Ms P has raised. The use of 'any' before 'identification' in my opinion allows this to be widely interpreted, which

would include the documents RCIF reasonably asked for. While the terms are silent on fraud prevention, firms do have wide discretion in how and when it intervenes in identifying and preventing fraud. As long as it is taking fair and reasonable steps in doing so.

In Ms P's circumstances, I'm satisfied RCIF's concerns were the protection of her account given a withdrawal instruction happening at the same time as an address change could indicate fraudulent activity on the account. Additionally, this withdrawal appears to be her first since new rules requiring verification on first withdrawals came into force, which would require RCIF to verify Ms P's identity regardless of its fraud prevention concerns. It follows then, I don't think RCIF treated Ms P unfairly by taking the steps it did. The concerns it had were reasonable and within its obligations to safeguard Ms P's account.

To address that, RCIF tried to send Ms P letters explaining it needed verification information from her to process the withdrawal. However, the 'gone away' marker on her account hadn't been removed despite two internal requests to do so. This meant Ms P didn't receive a letter from RCIF about the need to verify her, and how, until it wrote to her on 19 January 2024. While I'm satisfied Ms P didn't receive these letters I think overall she would've been aware RCIF needed further information from her when she spoke to the firm on 19 December 2023.

In this call it was explained to her restrictions were still in place on her account and verification information was required. The call handler at RCIF offered to provide the list of acceptable information it had been trying to send Ms P, who asked for it instead to be sent by post. Given the content of this call, I'm satisfied Ms P knew what was needed from her and the means to provide it, despite the letters not being sent to her. While RCIF did give her clear information about what was needed on 19 December 2023, prior to this I don't think it fairly communicated its need for Ms P to provide verification documents, nor did it do so in a timely manner. I say this because by not removing the marker RCIF delayed Ms P receiving a written request by around two months, although I'm satisfied after a month she would've been aware of the steps needed to release her funds.

It follows then RCIF hasn't at all times communicated fairly with Ms P about her withdrawal. However, when I consider what most likely would've happened had RCIF communicated clearly at the earliest opportunity, I think it's unlikely the withdrawal would've taken place earlier than it did.

I say this because Ms P was aware from 19 December 2023 that further information was needed from her, and that the withdrawal wouldn't be completed without it. There was an opportunity then to provide the information RCIF asked for before the end of December, which is when Ms P has said she needed this money by. But no steps were taken until mid-January which were only to challenge RCIF's reasons for needing her verification documents. RCIF sent at least three other letters requesting this information, but it didn't receive back the information it requested.

Ms P didn't provide the information then or since, with RCIF later deciding to verify outside its normal procedures as an exception in May 2024. I appreciate Ms P suggested verifying her in this way to RCIF in a call, but I'm satisfied RCIF carried out this alternative as an exception rather than something it was obligated to do. Given it was an exception I'm not persuaded it ought to have followed that from the outset, or earlier than it did, in these circumstances.

It follows then given the urgency she has said the money was needed and no action was taken by Ms P to provide the information needed to release the money then or since, I'm not persuaded she would've acted differently. I can't fairly say then RCIF is responsible for the loss she alleges she's incurred by the delay in withdrawing her money.

For similar reasons I also haven't seen it unfair that RCIF sold the assets when it did. It actioned the instructions the same day as Ms P's withdrawal request, but due to the restrictions couldn't pay the proceeds until Ms P passed verification. Which for the same reasons above as the withdrawal, I've not seen RCIF unfairly handled.

I do however think RCIF caused Ms P distress and inconvenience in delaying the removal of the 'gone away' marker, and how it communicated with her about her withdrawal being delayed. It had two opportunities to remove that marker causing it to remain on her account unnecessarily for two months preventing letters being sent to her, which included those relating to her withdrawal. That led to uncertainty about the progress of her withdrawal. From Ms P's testimony I'm satisfied this was a time of high stress for her which would've been exacerbated given the delay and assurance on two occasions the 'gone away' marker had been removed.

I've also seen following the verification of her account RCIF says it was meant to send her a letter explaining the fraud concerns it had. I think this would've been useful for Ms P and by not doing so has caused Ms P to continue to not fully understand the reasons why RCIF needed to verify her which had been a source of worry for her.

### **Putting things right**

In the circumstances I think £250 fairly reflects the impact those issues had on her.

### **My final decision**

For the reasons given above, I uphold this complaint and direct RBS Collective Investment Funds Limited to pay Ms P £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 25 March 2025.

Ken Roberts  
**Ombudsman**