

The complaint

Mrs W complains that Skipton Building Society unfairly restricted her accounts.

What happened

Mrs W paid a high-value cheque into one of her Skipton accounts in August this year. Shortly after, Skipton restricted Mrs W's accounts and asked her to prove her entitlement to the funds.

Mrs W handed the relevant documents into a Skipton branch around a week later and asked Skipton to send these to the relevant team via its internal mail. When the restrictions remained, Mrs W queried this with Skipton who concluded that the documents had been lost. Mrs W submitted her documents again and the restrictions were lifted that same day.

During the period of the account restrictions, Mrs W asked to complete some internal transfers. So Skipton temporarily lifted the restrictions to allow her to carry this out. Mrs W says this experience was humiliating for her.

Mrs W complained to Skipton about the restriction placed on her accounts and because it lost her documents, causing a delay and risking her personal data being accessed by an unauthorised party. Skipton's response said that it had acted in line with its terms and regulatory obligations. Skipton agreed that its service had been poor because it lost Mrs W's documents, so it offered her £75 compensation.

Mrs W remained unhappy and asked this service to get involved. She feels the offer Skipton made doesn't account for the inconvenience caused to her and because the bank's actions caused her anxiety. Mrs W feels Skipton treated her like she was guilty of wrongdoing.

Skipton attempted to proactively resolve this complaint and increased its compensation offer to £150. Mrs W didn't accept, so one of our investigators reviewed her complaint and concluded that the offer is fair. Mrs W doesn't agree – she feels £150 doesn't fairly account for the stress and worry she went through.

Because Mrs W didn't agree, the complaint has been passed to me for a final say on the matter.

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.

Having done so, I share the investigator's conclusion that £150 compensation is a fair way to settle this complaint – I'll explain why.

Skipton has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial

harm. Skipton may need to review and restrict accounts to comply with these responsibilities.

As Mrs W is aware, Skipton conducted its review and restricted her accounts following the deposit of a cheque. Skipton says it needed to verify the source of these funds in line with its regulatory obligations and it restricted Mrs W's accounts while it did so. Given the significant value of the cheque Mrs W deposited, I'm satisfied it was reasonable for Skipton to review the source of these funds.

Mrs W points to the cheque in question being one from another regulated banking provider, so she feels Skipton shouldn't have questioned where the funds came from. Moreover, Mrs W says she explained her intentions for the funds in branch when she made the deposit. Although I understand Mrs W's perspective on this, it doesn't excuse Skipton from carrying out its legal and regulatory responsibilities. Moreover, the cheque and Mrs W's comments on how she intends to use the funds don't evidence the source of the funds, so I think it's reasonable that Skipton sought to obtain this information from Mrs W and restrict her accounts while it did so.

I understand Mrs W is concerned about Skipton restricting all her accounts instead of just the one the cheque was paid into. She also queries why Skipton didn't attempt to verify the source of the funds when she deposited the cheque in branch, rather than several days later. It's not within this service's remit to determine the process Skipton has in place when conducting such a review. I can only decide on whether Mrs W was treated fairly.

In line with this, it is typical of banks and building societies to limit banking activities for all accounts held by a customer when conducting such a review. I can see that Skipton temporarily lifted the restrictions in place to allow Mrs W to complete some internal transfers, which I think was reasonable. It's possible Skipton could've conducted its review sooner, but it seems from the information I've seen that Skipton has a specific team that handles such reviews – which, again isn't unusual. I also find it unlikely that Mrs W would've been able to instantly provide the evidence that she eventually provided on request from branch staff. So I'm satisfied Skipton acted fairly here.

Mrs W wants assurances that Skipton won't restrict her accounts again. This isn't something I can instruct Skipton to do. As I've explained, Skipton is entitled to do so in order to comply with its obligations. So I can't reasonably ask it to avoid such action.

Turning to the delay. Skipton accepts that it lost Mrs W's initial submission of her evidence. And based on what I've seen, I'm satisfied that the information would've led Skipton to completing its reviews and lifting the restrictions on Mrs W's accounts sooner. This caused a delay, resulting in the restrictions unnecessarily remaining in place for an additional week. This caused Mrs W undue stress and inconvenience.

I appreciate this overall experience was difficult for Mrs W. However, I'm satisfied that £150 compensation fairly makes up for Skipton's error. I know Mrs W feels she deserves more, but I'm satisfied this compensation figure falls within the remit of what I may have awarded, had Skipton not offered anything at all. I also haven't seen anything to suggest Mrs W's data has been accessed by an unauthorised party as a result of the error.

In addition, I can't see that Mrs W was deprived from using her funds as intended, given she transferred them elsewhere once the restriction was lifted. Moreover, Mrs W informed Skipton that she intended to keep the funds in her savings account to buy a property when she finds one. And by transferring the funds internally while the restriction was in place, this strongly suggests to me that the funds would've stayed in a savings account - which Mrs W hasn't lost out on the opportunity of doing. So I don't see fair cause to increase the award

amount.

In conclusion, I'm satisfied Skipton had reasonable cause to restrict Mrs W's account and conduct a review. Skipton's offer of £150 fairly compensates Mrs W for the error it caused and the delay this led to. Therefore, I won't be asking Skipton to do anything more regarding this complaint.

My final decision

For the reasons explained, I'm upholding this complaint. To settle this complaint, Skipton Building Society should pay Mrs W £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 15 January 2025.

Abdul Ali
Ombudsman