

The complaint

Mr M complains payments made to him by Great Lakes Insurance UK Limited (Great Lakes) in relation to a claim under his home insurance policy were delayed due to a sanction check failure.

Any reference to Great Lakes includes the actions of any of its appointed agents.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events. In January 2024 Mr M submitted a claim under his home insurance policy following damage to his property caused by storm. Mr M raised a complaint about the way his claim was handled. On 14 May 2024 Great Lakes issued Mr M with a final response to his complaint. It said it hadn't handled Mr M's claim correctly and would pay Mr M £200 to cover a temporary repair he had carried out. It also said it would send Mr M £100 compensation. This complaint relates to the events which occurred following this.

On 4 June 2024 Great Lakes emailed Mr M to say the £200 payment it had made to Mr M had been returned. It said it received an Office of Foreign Assets Control (OFAC) hit on the payment due to the payee's name being similar to that of an individual/organisation on the banned OFAC list. It said it needed to confirm the identity of the payee differed to any payee on the OFAC list and so required Mr M to send a copy of his photo ID. Mr M provided his photo ID and the payment was made to him, but Mr M raised a complaint about the payment being blocked by a foreign agency and had concerns with his data being processed outside of the UK.

On 10 June 2024 Great Lakes issued Mr M with a final response to his complaint. It said any payment it makes goes through a sanctions check to ensure it isn't making payments to people or businesses it's illegal for it to. It said this is a regulatory process and it had followed the correct process. It acknowledged there was a two week delay in the £200 payment being requested and offered Mr M £50 compensation. Mr M didn't think this was reasonable and so referred his complaint to this Service.

Our investigator looked into things. She said she thought Great Lakes had complied with its regulatory obligations and there was no indication Mr M's data was processed outside the UK or shared with any foreign entity. She said she thought there was a two week delay in the payment being raised and £50 compensation was fair to reflect the inconvenience caused to Mr M.

Mr M didn't agree with our investigator. He said he wanted to see evidence the United Kingdom law requires or permits Great Lakes to withhold payment on the instruction of a foreign government. He said as OFAC had blocked his payment his data would have needed to be transferred abroad to allow OFAC to lift the block on this payment.

As Mr M didn't agree with our investigator, the complaint has been 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.

I want to acknowledge I've summarised Mr M's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr M and Great Lakes I've read and considered everything that's been provided.

Great Lakes have explained it adheres to various international regulations and compliance frameworks to ensure no transactions involve prohibited countries or entities. This includes periodic checks and manual reviews to ensure it is being compliant. It has said all payments are checked against an international sanctions list and on occasions the automated system will flag payments where the name of the individual is similar to that of a person on a sanctions list. On this occasion as the name of the payee was similar to that of a person on the banned OFAC list, the payment was stopped and further checks were required.

I understand Mr M has concerns with the payment being blocked by OFAC given they are a foreign agency. However the payment wasn't blocked by OFAC. The payment was stopped by Great Lakes as part of its process when making payments. Whilst the payment was checked against the OFAC sanctions list, it was Great Lakes who stopped the payment, not OFAC.

Great Lakes have provided evidence of the payment being stopped by its automated system and so I'm satisfied it was reasonable for it to carry out further checks to ensure it wasn't making a payment to someone on the OFAC sanctions list. I also think it's reasonable for Great Lakes to carry out these checks as part of its payment process to ensure it isn't making payments to an individual or business who appear on a sanctions list either within the UK or abroad.

Mr M has raised concerns about his data being transferred abroad in order for the block on the payment to be lifted. However as explained, the payment wasn't blocked by OFAC and so it wasn't necessary for Mr M's photo ID to be sent to them to unblock the payment. Instead, Great Lakes carried out an internal check of Mr M's photo ID to ensure it wasn't making a payment to an individual on the OFAC sanctions list. I'm satisfied this was done promptly following Mr M providing Great Lakes with his photo ID.

Great Lakes have acknowledged there was a two week delay in the payment being issued to Mr M. It has offered Mr M £50 compensation and so I've considered whether this is reasonable to acknowledge the impact on Mr M. I think the delay in this payment would have caused Mr M some inconvenience, but I think given the length of the delay this would have been relatively minor. Therefore, I think the £50 compensation Great Lakes have offered to acknowledge this inconvenience is reasonable in the circumstances.

My final decision

For the reasons I've outlined above, my final decision is that Great Lakes Insurance UK Limited should pay Mr M £50 compensation if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 May 2025.

Andrew Clarke
Ombudsman