

The complaint

Ms D complains PSI-Pay Ltd, the cashback card provider for Utility Warehouse (UW), blocked her cashback card several times after it requested an identity check, meaning she lost out financially and couldn't access funds on this card. Ms D also complains she has been discriminated against.

What happened

I sent the parties a provisional decision in February 2025, in which I set out the following background information to the complaint and my provisional findings, as follows:

Ms D explained her cashback card was blocked pending an identity check. Ms D said she had had the cashback card for four years without issue. Ms D described the difficulties she had uploading the requested information and had to do it at least three times. She also said she had several calls with UW where her card was unblocked then blocked again shortly afterwards, and explained, despite uploading her documents, her card remains blocked.

Ms D said UW told her a name disparity on the documents she uploaded was why the account remained blocked. Ms D said she pays for the card and is losing money and can't access money stored on the card. As a resolution, she wants an apology, the card unblocking and compensation for the benefits she has lost and the distress this has caused her.

UW wrote a response to Ms D in October 2024. It said it had sent Ms D a notification asking Ms D to complete an identity verification check for her cashback card. It explained the card remained 'unusable' until the verification process had been completed. It apologised for the inconvenience caused and closed Ms D's complaint.

UW explained to our service it had to undertake an identity check with some customers to ensure it was complying with regulations. It therefore asked some customers to resubmit identification documents and restricted those customers limits on the cards to £800 until they received this identification.

UW also provided details of the disparity Ms D mentioned. It explained Ms D's first name was spelt differently on her driving license than on her records with it. It also provided evidence from its systems which shows this is the reason for Ms D's card had been, and remained, restricted. This evidence also shows Ms D told UW this was the same identification she had used when she registered with UW. This evidence also shows UW discussed changing Ms D's name on its account to the name on her driving license, but Ms D did not want to do this.

UW explained Ms D would not be able to pass the identification procedure without updating her details with it to match her identification. UW said it would then need to cancel her existing cashback wallet and create a new one which matched her identity. UW provided our service with regulations which it says show it was entitled to carry out an identity check, restrict Ms D's card and ensure her details it held were the same as the identity she had provided.

UW said as Ms D was unwilling to allow it to use the name on her identification, there were only two options open to Ms D. She could continue to use her cashback card, but the £800

limit would remain in place with a monthly fee of £3, or she could cancel the service and receive a refund of all fees from August 2024 when the issues first occurred.

Our investigator thought Ms D had been provided with some poor service regarding the uploading of documents, and recommended UW pay £100 compensation for the distress and inconvenience this caused. They also identified poor customer service during one call and thought UW should pay £25 for the distress this caused. They explained they thought UW had offered Ms D a fair and reasonable way to resolve the matter, by closing the account and reopening it in the name on her driving license.

In response to our investigator's recommendation, Ms D explained she had been paying for a service she had not been able to use. She also thought it wasn't reasonable for UW to refuse to use her preferred name rather than the name on her driving license.

UW confirmed it cannot use a preferred name for 'know your customer' checks, and also confirmed its systems don't allow this. It did suggest it could just use Ms D's surname for correspondence which is the same on her identification. UW said Ms D was able to use her card, just at a lower limit, as it had been restricted not blocked, explaining Ms D had only earned over £50 cashback since opening her account.

As Ms D has rejected our investigator's recommendation, her complaint has been passed to me to make a final decision.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate how strongly Ms D feels about her complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Where evidence is incomplete, inconclusive or contradictory, I have to make decisions on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

I appreciate Ms D has said, when asking for a final decision on her complaint, she doesn't agree that her details recorded on UW's systems, need to match her identification documents.

It appears the error which led to this complaint was most likely when Ms D registered for her UW card. She has said she used the same identification to register and there were no issues with her preferred name then. UW has not disputed this, and I have no reason to doubt Ms D would have used this identification to open her account.

Businesses offering financial products need to ensure the customers they have are correctly identified and the details they hold are the correct details for reporting purposes. These responsibilities are ongoing. Identity theft and fraud are issues financial businesses have to take seriously, and there is legislation to ensure financial businesses have robust systems in place to ensure they know and record the identity of customers.

For these reasons, I provisionally do not think it is reasonable or fair to expect UW to record Ms D's details under a different name, or issue documents or financial products to an alias. I do recognise Ms D is not necessarily asking for this, just to be able to use her preferred name, but I provisionally think it is not unreasonable to expect certain financial products, such as a banking card, to have the customers correct legal name on them.

I understand Ms D does not agree and believes that UW could accept her identification and use her preferred name. I can see UW has said it does not have facility to do this, offering a compromise of using Ms D's non-disputed surname when it can. This would therefore also

appear to be a business decision UW are entitled to make. To be clear, our service is not able to ask businesses to change its policies or procedures as we are not the regulator.

I also provisionally think, on balance, this is a fair offer from UW. Some of the detriment Ms D has claimed is because she will not agree to the option UW has presented to resolve this matter.

However, I think it is likely EW and PSI-Pay originally set up Ms D's account with her preferred name in error when she previously submitted identification. The difference between the preferred name and name on her identification is slight, and I can see why this may have been missed when initial checks were made by PSI-Pay and/or UW.

Having said that, I accept UW and PSI-Pay, having discovered the error, needed to correct it. Fundamentally I am satisfied they need to hold records which are consistent with identification, both in line with policy and wider requirements, but I do agree this error, had it been recognised at the time, would have meant the inconvenience Ms D has recently experienced would not have occurred. For these reasons I do think some compensation is required for this initial error. I will discuss this later.

I do appreciate this complaint may not have been resolved to Ms D's satisfaction, with any of the three options presented, but I think the three options are clear, fair and reasonable considering the circumstances, and all remain open to her to.

I understand Ms D has expressed she believes she has been discriminated against because of her race. Our service raised this with UW who said it had taken her allegations very seriously and conducted a thorough review of its contact with Ms D. It said in response it hadn't found any evidence of discrimination, but accepted service was not empathetic as it could have been and did not meet UWs expectations on one occasion. UW said it had taken appropriate steps in relation to this call.

The Equality Act 2010 says you must not be discriminated against because of protected characteristics. However, the Act is also clear any decision regarding whether a business has discriminated against a customer, is a matter for the courts. I therefore can't make a legal finding on whether UW discriminated against Ms D. However, I've taken the Equality Act 2010 into account when making my provisional decision on this complaint, as it is relevant law, but my role is to decide what is reasonable and fair.

I have listened to the calls UW provided our service. I can see Ms D had to speak to UW several times in August. There was one call, as referenced by our investigator in their recommendation, on 21 August which I think was poor service, and I do not believe Ms D was treated reasonably or fairly towards the end of this call.

I believe this is the call highlighted above, where UW believes its service fell below the standard it expects, I agree, and provisionally think it should pay compensation for this one call.

Having listened to these calls, I am also provisionally satisfied Ms D had to chase this complaint up several times and provisionally think Ms D did not receive good service here because of the time this took and the lack of clarity around the issues above. I can see call backs were not apparently made when they said they would and Ms D had to chase some of these calls up more than once. I can also see UW did not attempt to call Ms D again if she did not answer the phone when it could have. Having considered this, I can see Ms D was clearly distress and inconvenienced during this period.

For the reasons above, I am provisionally persuaded that I should award a higher level of compensation here, to reflect the further poor service I have highlighted. I therefore provisionally think PSI-Pay should pay a total of £200 compensation.

Furthermore, as this complaint has previously been registered against UW, I have further decided to issue a provisional decision to allow PSI-Pay the opportunity to respond. I can

see all previous complaint correspondence has been via UW, so I am of the view it is reasonable to give PSI-Pay an opportunity to provide any submissions it wishes before I make my final decision. I will also consider any further submissions Ms D wishes to make before issuing my final decision.

My provisional findings and the parties' responses

UW responded. It agreed with my provisional decision, explaining Ms D's card was still live with limitations and it was awaiting Ms D's decision in line with the options set out above.

Ms D also responded. She explained she remained unhappy as she had lost out on cashback. She also said she couldn't use the card or top it up.

I have considered Ms D's representations. Ms D made these points during her complaint to our service, so I do not think this is new information I need to consider before issuing my final decision.

My final decision

For the reasons I have given, I require PSI-Pay Ltd to pay Ms D £200 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 8 April 2025.

Gareth Jones
Ombudsman