

## The complaint

Mr C complains about the nature of Investengine (UK) Limited's anti-money laundering checks and the subsequent delay that followed in moving his investments elsewhere.

## What happened

Following a recommendation from a friend, Mr C opened an ISA and personal pension account with Investengine and set up a direct debit to invest £2,000. Shortly after depositing some monies, Investengine asked Mr C for some identity documents together with a selfie so they could undertake their 'Know Your Customer' (KYC) check.

Mr C was unhappy at being asked to provide a selfie and explained to Investengine that he would only do so if he received compensation of £1,000. Initially Mr C was told that the requirement for a selfie could be waived but this subsequently turned out to be incorrect. As both parties had reached an impasse, Mr C decided he wanted to close his Investengine account and move his pension and ISA funds to other providers.

After asking Investengine to move his monies to a new provider and them failing to act on his request, Mr C decided to formally complain to them. In summary, he said he was unhappy at being asked to provide a selfie to identify himself. He explained that he was also unhappy that his request to transfer his ISA and close the account couldn't be completed in a timely manner.

After reviewing Mr C's complaint, Investengine responded to him on 13 May 2025 and explained that they were satisfied they'd done nothing wrong. They also said, in summary, that given Mr C hadn't provided all of the information to them that they'd asked for, they weren't able to complete the transfer as promptly as they would have wished. However, to recognise the delay in responding to his complaint, together with the tone of some of the communications, particularly where he'd mentioned his health condition, they were offering him £20 as a gesture of goodwill.

Mr C was unhappy with Investengine's response, so he referred his complaint to this service. In summary, he said that being asked for a selfie was too invasive and undignified. He also said that he didn't think it was fair that Investengine had held on to his monies for so long and as a consequence, he'd lost out on the opportunity to invest his monies in the interim.

The complaint was then considered by one of our Investigators. Whilst Mr C's case was at our service, Investengine subsequently re-reviewed their response and acknowledged that their initial offer didn't go far enough, so they increased their goodwill payment to £100 to try to resolve matters.

After looking at Mr C's concerns, our Investigator concluded that Investengine hadn't treated Mr C unfairly because as a regulated business, they're obligated to verify their customers' identity and their request for a selfie wasn't unreasonable. Our Investigator didn't believe Mr C's request for compensation of £1,000 to provide the selfie was proportionate. In light of the

findings from Investengine's other KYC checks and Mr C's unwillingness to cooperate with the anti-money laundering process, our Investigator didn't feel that they'd been unreasonable in freezing Mr C's account whilst their checks were undertaken.

Mr C, however, disagreed with our Investigator's findings and asked for his complaint to be passed to an Ombudsman for a 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 have summarised this complaint in less detail than Mr C has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr C and Investengine in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr C's complaint - I'll explain why below.

I think it's important to start by explaining the background to why Investengine asked Mr C for evidence of his identity. All regulated financial services firms, including Investengine, are obligated to ensure that the records they hold about their customers' background and circumstances are up to date. They're required to do this at the start of the relationship and on an ongoing basis and it's often referred to as 'know your customer', or 'KYC'. Those checks are designed for a number of reasons, not least to help prevent money laundering and fraud. Without a fully completed customer record, Investengine isn't able to maintain compliance with their legal and regulatory requirements. And, any failure on Investengine's part to ensure their KYC and AML records are up to date could result in serious consequences for them such as significant financial penalties or in a worst-case scenario, loss of licence.

The rules covering fighting financial crime are broad and updated regularly and Investengine are well within their rights to request reasonable information from their consumers as and when either those external rules or their own policies alter or as part of their ongoing cyclical checking to ensure the accounts being managed on their platform fall within their risk appetite and for example, when withdrawals or transfers (which are considered very high risk) are being undertaken.

I really do appreciate that from Mr C's perspective, providing a selfie may well have felt intrusive. I well suspect that Investengine asked for a selfie to satisfy themselves that the person presenting the documentation to them, was in fact the person that wanted to open the account. Many firms (including many UK Government departments) now take such a measure as a growing result of individuals illegally coming into possession of identity documents and committing impersonation crimes. To be clear, I'm not for one moment

suggesting that's the case here, I just think it helps provide useful context about why Investengine asked Mr C for a selfie.

The regulator, the Financial Conduct Authority (FCA), who oversee firms such as Investengine, have been very clear in their expectations around the efforts and emphasis that businesses must place on ensuring that they protect customers' monies. That's because over recent years, there's been a significant uptick in the number of consumers being scammed out of their savings and as such, the FCA has reminded firms on multiple occasions (in at least three of their last annual business plans) that they expect firms to place significant focus on ensuring that they protect customers' savings from fraudulent access. And, there are various examples (all well documented online) where the FCA has taken punitive action against firms that they consider to not have adequate controls in place to safeguard customers' monies.

I've considered whether Investengine's request went further than necessary. I'm satisfied that it didn't. While I recognise Mr C's frustration at timing, on balance I find the steps requested by Investengine were proportionate to the risk posed.

It's important to stress that my role isn't to decide whether Investengine handled every aspect of this perfectly, nor whether they could have acted differently. Instead, I must decide whether what they did fell within the range of reasonable and proportionate actions available to them in the circumstances. Firms are allowed a degree of judgment when responding to risk indicators, providing that judgment is applied fairly and in line with regulatory expectations.

But, for me to be able to uphold Mr C's complaint, I need to be satisfied that what Investengine were asking for was unreasonable or unnecessary. Having looked at the background as to why Investengine have asked for the selfie, I can't reasonably conclude that threshold has been met.

I do appreciate that Mr C believes that Investengine held onto his monies for longer than necessary, but from what I've seen of the results of their initial checks and Mr C's unwillingness to cooperate with their AML process, I don't think they acted unreasonably when freezing his account. Because Investengine could not proceed without the required information, any delay arising from incomplete KYC does not give rise to a compensable financial loss.

Mr C has said that Investengine "trespassed" by holding on to his monies. I don't agree that this is a concept that applies here. Trespass generally relates to unlawful interference with physical property or land. The funds held in Mr C's ISA and pension were held by Investengine as part of a regulated investment arrangement, and firms are required by law to maintain appropriate controls over customers' assets.

Where a firm has incomplete KYC or anti-money-laundering information, it is generally not permitted to release or transfer funds until those checks are completed. So, Investengine's decision to restrict movement of the monies was part of meeting their legal and regulatory obligations, not an unlawful interference with Mr C's property.

For those reasons, I don't think it's fair or accurate to describe Investengine's actions as trespass. Rather, the delay arose because Investengine did not receive the information they needed to complete their required checks, and they were entitled and obligated to hold the funds until those checks were satisfied.

Investengine has already offered Mr C £100 as a gesture of goodwill. This wasn't offered because Investengine accepted that their actions around the KYC checks or account freeze

were wrong and I agree that they weren't. Instead, the £100 reflects the *separate* and *minor* service issues identified, such as the tone used in some communications and a slight delay in responding to Mr C's complaint. Given that I have not found that Investengine acted unfairly in relation to the core issues of this complaint, there is no basis for me to award compensation. However, I consider Investengine's £100 goodwill payment to be fair and proportionate to the limited service failings identified. So, if Mr C wishes to accept the £100 as a goodwill gesture, he can contact Investengine directly to do so.

### **My final decision**

I'm not upholding Mr C's complaint and it therefore follows that I won't be instructing Investengine (UK) Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 March 2026.

Simon Fox  
**Ombudsman**