complaint

Mr L's complaint concerns the investments he held with JP Morgan Asset Management Marketing Limited. He said that JPM incorrectly recorded his address, which caused problems with verifying his identity. Mr L says that this has resulted in lost investment opportunities and time taken to resolve the matter.

Mr L has also said that there was inappropriate communication and the restriction of access to his funds.

background

Mr L first opened an account with the business in 1979, which was before money laundering and identification verification was required. At the time the account was set up, JP Morgan incorrectly spelt the name of Mr L's house, which resulted in an incorrect letter being used at the end of the name.

In 2015, JP Morgan needed to establish Mr L's identification due to changing security requirements, but was unable to verify it. It sent Mr L a letter saying that access would be restricted by a certain date unless documents were submitted for verification purposes. Mr L then initiated the sale of his and his wife's share holdings but was unable to access his funds.

JP Morgan accepted that it had made an error in recording his address which led to the need for additional verification. It offered to reinstate the shares held in Mr L's investment, at no additional cost to him. It also offered the sum of £100 in respect of any trouble and upset caused.

Mr L said he would consider accepting the offer if the business extended the same to his wife's investments. JP Morgan didn't extend the offer as it explained that his wife's investments hadn't been affected by the need for identity verification. Dissatisfied with the response, Mr L referred the matter to this service.

The adjudicator who considered the matter thought that the offer made by JP Morgan was reasonable. In summary, she noted that JP Morgan had conceded its error in recording Mr L's address. But in considering what would be an appropriate resolution, she thought that the offer to buy back the shares would put Mr L in the same position he would have been in had the mistake not happened. She also thought the monetary award was a reasonable gesture of goodwill. But with regard to Ms L's account, the adjudicator said that Mrs L would need to bring a complaint herself about this for JP Morgan to consider.

Mr L didn't accept these findings, however. In summary, he said the following:

- It wasn't acceptable for an investment company to use a letter of intent to restrict an individual's access to their money, giving a future date when it was already restricted.
- There was no other attempt to contact him other than the first letter.
- JP Morgan could have verified his address by a postcode check and a phone call, or verification of other family members.
- JP Morgan lacked competence in managing his funds and profile details.
- Whilst the identification issue remained, financial markets had moved upwards by 4%.
- His bank account details were wrong, other than the sort code.

- If JP Morgan hadn't frozen the account before the stated date, none of this would have happened. And there was no proper explanation as to why this had been the case.
- He'd not received any notice of the offer of £100 - only £50.
- His wife's bank details were also wrong. There had been mistakes in transferring details across from the original copy to the application.
- It wasn't just an address mistake – it was poor management of clients' funds and profile details.

The adjudicator responded, saying that JP Morgan had admitted it had made errors. She also said that as it hadn't been able to verify Mr L's details it needed to request documentation rather than verify his identity with family members. The adjudicator remained of the view that the offer made by JP Morgan was fair.

Mr L remained of the view that JP Morgan had acted unacceptably in restricting his account before the stated date. No attempt to contact him or a family member had been made, Mr L said. The offer of £100 wouldn't cover the work he'd put in, although the money wasn't important to him.

As no agreement's been reached on the matter, it's been referred to me for review.

my findings

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

I note that Mr L remains dissatisfied with several aspects of what he considers to be JP Morgan's unacceptable conduct in this matter. This is set out in the extensive correspondence between him and JP Morgan and also in the communication between him and our adjudicator.

My understanding of events is as follows. Mr L's complaint stems from the mailing he received in March 2015 in which it was stated that for money laundering purposes, certified identification documents would need to be sent. This is because he hadn't previously been "verified". I note that Mr L sold his investment shortly thereafter and tried to add his bank details online. This was then done by JP Morgan.

However, it was noticed that Mr L's address had been recorded incorrectly by one letter, and when this was altered, an electronic check meant that Mr L was "verified". This meant that Mr L could withdraw his funds as of the next day. Unfortunately this coincided with a change of address letter which indicated that documentation might still be required for identity checking. This prompted Mr L's complaint, leading to JP Morgan's offer to reinstate his shares.

Mr L wasn't happy with the offer made by JP Morgan to resolve matters and at least part of this stemmed from its decision not to reinstate the shares of his wife.

And so I've considered the manner in which Mr L should in fact be compensated for the trouble and upset caused. This originates from the spelling mistake in his address, but mistakes do happen. I think Mr L recognizes this and his concern is more about the subsequent conduct of JP Morgan in dealing with the matter. Having looked at the timeline, I agree Mr L has undeniably been caused some trouble and upset by the matter, but I do also think that JP Morgan has taken reasonable steps to try to resolve the matter for him.

I understand that Mr L may not agree, but much of his dissatisfaction lies with what he considers to be the substandard processes and checks within the business. I can't directly influence the way JP Morgan runs its business – my role is to consider what has happened in the individual circumstances of the complaint and decide what kind of compensation would be warranted if it's demonstrated that it's made mistakes.

In this case, JP Morgan accepts that this is the case, but as with the adjudicator, I think the offer to reinstate the shares and its total offer of £100 is fair. Mr L has also commented on consequential losses due to market movements. He's also said that money isn't the real issue here. But I can in any case see that Mr L was emailed on 25 March 2015 with confirmation that he'd be able to make withdrawals from the following day. But it doesn't seem to be the case that Mr L was planning to make withdrawals prior to the mailing requiring identity verification. And so either the offer to reinstate the shares or Mr L's ability to withdraw and reinvest his funds at the time wouldn't in my view mean that JP Morgan would be responsible for any market losses.

Mr L has said that he was still unable to withdraw funds and it's unclear as to why this should have been the case. But he did reiterate that it was unlikely he'd have wanted to withdraw the funds as he was happy with his investment and so this also leads me to believe the offer of reinstatement was reasonable.

Mr L has said that his wife's shares were sold alongside his own and had he not felt compelled to sell due to the letter about identity verification, these would also have remained as they were. And so it was Mr L's view that these should be reinstated as well. I note that this has not formed part of Mr L's latter submissions to the adjudicator, with emphasis being placed on JP Morgan's processes. But for clarity, as Mrs L isn't joined in to this complaint, even if I thought that JP Morgan should have offered to reinstate her shares (and I can make no finding on this point here), I wouldn't be able to consider the reinstatement of her shares as a part of the resolution of Mr L's complaint as hers was a separate holding.

Overall, I'm aware that this may disappoint Mr L, but I think JP Morgan's offer to reinstate his shareholding and the overall payment of £100 was fair and reasonable in the circumstances of this complaint.

my final decision

My final decision is that the offer made by JP Morgan Asset Management Marketing Limited was appropriate in the circumstances. I leave it to Mr L to decide whether to accept this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 February 2016.

Philip Miller
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