

Ombudsman Determination

CIFO Reference Number: 16-001112

Complainants: [The complainants]

Respondent: [Bank X]

It is the policy of the Channel Islands Financial Ombudsman (CIFO) not to name or identify complainants in any published documents. Any copy of this determination made available in any way to any person other than the complainant or the respondent must not include the identity of the complainant or any information that might reveal their identity.¹

This complaint relates to the migration of the complainants' account held with [Bank X] from [jurisdiction 2] to the [UK].

Background

In 2016, a business decision was made by [Bank X] to close offshore accounts for international clients who lived abroad but had accounts based in [jurisdiction 2].

On 22 February 2016, [Bank X] sent a letter advising [the complainants] of the [jurisdiction 2] account closure.

The letter provided details of the closing date of 18 June 2016. [Bank X] also tried to telephone [the complainants] to discuss account migration on 14 and 24 March 2016 but these attempts were unsuccessful.

[Bank X] spoke with [the complainants] on 7 June 2016 by telephone. According to [the complainants], this was the first occasion when they had heard of the account closure. [Bank X] advised that their account could be migrated to the [UK]. On 8 June 2016, [Bank X] sent [the complainants] an email attaching a *Consent to transfer form* to authorise the transfer of their [Bank X] account based in [jurisdiction 2] to another [Bank X] account held in the [UK].

At that time, [Bank X] did not request any proof of identity from [the complainants]. [Bank X] required certified identity documents and proof of residential address details but acknowledged in their letter to CIFO dated 10 August 2017 that they

"...never contacted the client's to advise that we required KYC for both parties [sic]".

¹ Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

[Bank X] received [the complainant's] consent form on 21 June 2016 and advised them in a letter dated 29 June 2016 that their account had been closed on that same day. [The complainants] were unable to recover their funds from their old account or deposit monies into their new account. According to [the complainants], this caused difficulties and disruption; [the complainant] says he had to cut short his employment contract to return home to provide authentication of his identity.

On 31 August 2016, [the complainant's] account was opened in the [UK] and £46,071.57 previously held in [jurisdiction 2] was credited to their new account; however, at the time of their complaint to CIFO, they were still awaiting the required card and passcode to access their account. [Bank X] offered £12.37 for the interest missed during the period when [the complainant's] account was not operating between 29 June and 31 August 2016, and £400 for distress and inconvenience caused.

The case handler upheld the complaint. He considered that, based on the information provided, the compensation offered by [Bank X] of £412.37 was reasonable in the circumstances.

[The complainant] asked for a determination to be made. He highlighted the emotional toll the complaint had taken on his wife.

Findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

While [Bank X] tried to advise [the complainants] of the account migration, I consider that the bank did not take sufficient and reasonable steps to inform them of the KYC documentation required. Had the bank done so, the account closure could have been avoided.

The complainants had to write and telephone [Bank X] on a number of occasions to resolve the problem. They also informed CIFO that [the complainant's] salary for July and August 2016 was not received into his account until September 2016.

I acknowledge that [Bank X] caused distress and inconvenience and specifically I recognise the emotional distress [the complainant] said she experienced. I considered the suggested impact of [the complainant] cutting short his employment contract in order to obtain evidence of his identity, but this impact is not supported by the evidence; the payslips provided confirm that there was a delay in receiving the funds, but does not suggest that they were not received at all. I consider, therefore, that the level of compensation offered by [Bank X] and awarded by the case handler (£412.37) for the distress and the loss of earnings suffered by [the complainant] was reasonable in the circumstances.

Final decision

My final decision is that I uphold this complaint.

[Bank X] should pay the complainants £412.37 for inconvenience caused during the account migration process.

[The complainants] must confirm whether they accept this determination either by email to ombudsman@ci-fo.org, or letter to Channel Islands Financial Ombudsman, PO Box 114, Jersey, Channel Islands JE4 9QG, by **5 July 2018**. The determination will become binding on the complainants and [Bank X] if it is accepted by this date. If we do not receive an email or letter by the deadline, the determination is not binding. At this point [the complainants] would be free to pursue their legal rights through other means.

If there are any particular circumstances which prevent [the complainants] confirming their acceptance before the deadline of 5 July 2018, they should contact me with details. I may be able to take these into account, after inviting views from [Bank X], and in these circumstances the determination may become binding after the deadline. I will advise both parties of the status of the determination once the deadline has passed.

Please note there is no appeal against a binding determination, and neither party may begin or continue legal proceedings in respect of the subject matter of a binding determination.

Douglas Melville
Principal Ombudsman and Chief Executive

Date: 6th June 2018