



Case study: Banking / Credit

EX-PARTNER OBTAINS BANK STATEMENTS FRAUDULENTLY LEADING TO LEGAL ACTION

Themes: Privacy and data protection, customer authentication/fraud, liability for customer legal costs

In 2014, the required maintenance payments between Mr F and his estranged partner were being determined, in support of which his financial position was disclosed to the courts. During this process, it was revealed that Mr F had opened a young savers account for his child with the FSP and for which his former partner was not a signatory.

Following the maintenance proceedings, the estranged partner visited a branch of the FSP and requested copies of the bank statements for the young savers account. When the FSP staff found that she was not a signatory on the account, the FSP advised her that Mr F would need to make the request.

The estranged partner then lied to the FSP staff member saying that Mr F was standing outside the branch and she left the building, returning shortly thereafter with a male companion. After the male companion gave the correct date of birth and post code to authenticate himself as Mr F, the statements for the young savers account were provided to him. It was subsequently discovered that this male companion was not Mr F.

After obtaining these account statements, the estranged partner then proceeded with a legal action against Mr F in the Petty Debts Court to obtain what she believed was her share of the funds in the account. This compelled Mr F to respond to the legal action to defend himself and the assets in the child's account, causing him to incur significant legal costs. After successfully winning the case in court, Mr F complained to the FSP regarding their security measures and the matter was subsequently referred to CIFo for review.

Conclusion

The CIFo case handler concluded that the FSP's internal procedures to authenticate the customer were not followed. If they had, the impostor would have been exposed and the disclosure avoided. The release of the statements to the estranged partner through the impostor was both a breach of Mr F's data protection rights and a failure of the FSP's security protocols. These were directly linked to Mr F's subsequent legal costs.

The CIFO case handler upheld the complaint, concluding that the FSP should refund Mr F for the legal costs to defend the action taken against him, and an additional £1,700 in compensation for the stress and inconvenience caused.

Both parties accepted the view and the case was closed. The matter was also referred to the data and privacy regulator in the jurisdiction.