



Case study: Banking

COMPLAINANT'S INABILITY TO OPERATE BANK ACCOUNT WITHOUT A MOBILE DEVICE

Themes: Mobile authentication device; process and procedures; reasonable accommodation; improved account security; two-factor authentication.

This complaint relates to a complainant's inability to access his bank account when the bank implemented new security measures.

Mr E held a bank account with a local bank. Local legislation required the bank to introduce new two-factor authentication security processes in accordance with the Payment Services Directive. The new security process required all account holders to download an application and have a mobile phone to access online banking and authorise online transactions. Customers would need to authorise the transaction and input a security code texted to them by their bank. The bank also stopped sending customers 'Personal Identification Numbers' (PINs) by post and the only way a customer could create a new PIN was via online banking.

Mr E did not have a mobile phone and requested the bank make alternative arrangements for him to use online banking and be sent a PIN. The bank explained that it no longer had the ability to provide PINs in any other format and Mr E would need to acquire a mobile phone to obtain a PIN. The bank said Mr E could also use telephone banking and it would accept written instructions by post. Mr E complained that he had always had problems using telephone banking and said he did not want a mobile phone. The bank was unfairly restricting access to his account by requiring him to have one. The bank maintained their position and Mr E took his complaint to CIFO.

CIFO noted that the bank's regulator confirmed local customers should not receive a lesser standard of service or protection than UK customers. CIFO also noted the UK regulator had issued specific guidance when introducing two-factor authentication, requiring banks to make alternative arrangements for customers who do not have a mobile phone. Therefore, CIFO recommended the bank provide Mr E with the same alternatives it would for a UK customer. The bank explained that due to the limitations of their local services it could not offer any alternative arrangements for Mr E.

CIFO concluded that the bank had left Mr E with a choice of using a considerably less convenient method to access his account, or obtaining a mobile phone, or close the account. However, CIFO cannot require a bank to change its processes and recommended the bank compensate Mr E for the distress and inconvenience suffered. CIFO noted that the bank had told Mr E about the changes well in advance, that this was not his main bank account and that Mr E had no immediate requirement for the funds held in the account. Mr E had not been required to chase the bank for responses and he had chosen to not have a mobile phone. There was no particular vulnerability which meant a mobile phone was not suitable for him. CIFO upheld the complaint in part and recommended the bank pay Mr E £200 compensation for distress and inconvenience. CIFO also supported Mr E in

providing documents to satisfy the bank's security requirements to close his account and transfer the remaining balance.