

The complaint

Mr P complains that his account has been blocked by Computershare Investor Services Plc, referred to as “Computershare” or “the business”, despite him providing the relevant documentation to unblock it.

What happened

Mr P was trying to trade on one of his accounts, but the trade was denied because the business required identification documentation as part of its due diligence. He subsequently provided the necessary documentation and was able to trade but one of his other accounts remained blocked.

One of our investigators considered the complaint but didn't think it should be upheld. In summary, he said that under various anti-money laundering rules and regulations, financial businesses are under pressure to operate under a specific legal framework. How they do that is a matter for them, different businesses will have different procedures in place. It's not for us to tell a business how it should comply or do this.

In other words, he can't blame the business for requiring certain documentation – in pursuit of its compliance with the relevant rules and regulation – because it's obliged to. He said doing this hasn't been easy and has become more complex over the years, but that a regulated financial business has no choice but to comply.

The business was entitled to seek documentation in order to re-satisfy itself of Mr P's identity and not follow his instructions until the matter was resolved. The above notwithstanding, the terms and conditions made clear the following points:

- *“We reserve the right to reject instructions from you. We may do this if we think we need to obtain further information from you, or to comply with any legal requirements (for example: obtaining evidence of identity to comply with money laundering regulations)”.*
- *“We will not do anything which we think would or might break any relevant laws, rules, regulations or codes, or risk exposing us to criticism for behaving improperly or not acting in accordance with good market practice”.*

The other account had been blocked, but the business said just to remind it that the relevant documents had already been supplied.

Mr P disagreed with the investigator's view and asked for an ombudsman's decision. He doesn't think that the investigator has got to the crux of the issue. He doesn't for example understand why, under certain circumstances the business required documentation/proof and not in others. He made numerous other observations that aren't necessary to repeat here.

As no agreement has been reached the matter has been passed to me for review.

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.

Having done so, I agree with the investigator's conclusion for much the same reasons. I'm not going to uphold this complaint.

On the face of the evidence, and on balance, despite what the Mr P says, I can't safely say that the business behaved unreasonably.

Before I explain why this is the case, I think it's important for me to recognise the strength of feeling Mr P has about this matter. He's provided submissions to support the complaint, which I've read and considered carefully. However, I hope he won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised under a separate subject heading, or undertake a forensic analysis of the evidence, it's not what I'm required to do in order to reach a decision in this case. I appreciate this can be frustrating, but it doesn't mean I'm not considering the pertinent points in this case.

My role is to consider the evidence presented by Mr P, and the business, and reach what I think is an independent, fair, and reasonable decision based on the facts of the case – I'm not here to take sides.

In deciding what's fair and reasonable, I must consider the relevant law, regulation, and best industry practice, but perhaps unlike a court or tribunal I'm not bound by this. It's for me to decide, based on the information I've been given, what's more likely than not to have happened.

I don't uphold this complaint, in brief, for the following reasons:

- A financial firm like Computershare acts is under a number of obligations. They have to look after the money and assets that their customers entrust to them. And they have to comply with anti-money laundering (as well as in certain circumstances terrorist finance) requirements. Checking a customer's identity (and source of wealth) plays a part in both. When financial firms make these checks it can be frustrating for the customer, but there are good reasons for them to be done – they ought to be thought of as a necessary inconvenience.
- So, it wasn't the case that Computershare 'suspected' Mr P of money laundering. Instead, it had a duty to ensure that it was abiding by the laws and regulations relevant to its business – some of those requiring it to ensure it verified who its customers are, and where the money comes from if relevant.
- Financial firms are required to take a risk-based approach and often use processes that try to minimise the inconvenience to customers. I'm satisfied that what Computershare tried to do in this instance with regards to the account blocks, especially the second one where it said just to remind it that the relevant documents had already been sent.
- Computershare was always obliged to carry out the necessary checks.
- The above notwithstanding, I'm satisfied that the terms and conditions made clear that the business had a right to refuse to carry out instructions until further information had been provided if that's what the business thought it needed. It specifically mentioned *"obtaining evidence of identity to comply with money*

laundrying regulations” and reminded customers that it won’t do anything that might break the law.

- I note the issue Mr P raises about his second account remaining blocked, but the business has made clear that he ought to just remind it that he’s already submitted the relevant documents in relation to the other account. I don’t think that was an unreasonable approach. I’m aware that the account has been unblocked now and Mr P is free to use it.
- I’m aware that the business originally used an external company that “*completed all Computershare’s dealing*” until Computershare terminated this and brought the service inhouse. Because of this service users were told they’d need to re-register for the ‘new’ inhouse dealing. The business wonders whether Mr P had been using some old details when trying to deal or access his account. I’m mindful Mr P thinks this is highly unlikely, but I don’t think that it (or even entering incorrect details) is impossible.
- Despite what Mr P says about why verification was needed in this instance but not in relation to dividends, this doesn’t in my opinion preclude a business from seeking proof of identification or re-verifying a customer’s account. As I alluded to above, a business is obliged to carry out the appropriate identification checks under various anti-money laundering (and know your customer) requirements.
- In any case, the business has made clear that dividends are not the subject of money laundering checks because dividends are not regulated. However, when a customer is dealing, they’re setting up a new relationship with the broker and the broker has to comply with the additional checks. So, despite what Mr P might say, the business wasn’t wrong, to not ask for identification before paying dividends, from a regulatory point of view. And just because it didn’t on that occasion, doesn’t mean it was wrong to do so in relation to this case.

I appreciate Mr P will be thoroughly unhappy that I’ve reached the same conclusion as the investigator, and I realise my decision isn’t what he wants to hear.

I note he believes the business has behaved unreasonably and that he might be due some compensation, but I don’t agree. Whilst I appreciate his deep frustration and anguish, I’m not going to ask the business to do anything.

On the face of the available evidence, and on balance, despite what Mr P says, I’m unable to uphold this complaint and give him what he wants.

My final decision

For the reasons set out above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 16 September 2023.

Dara Islam
Ombudsman