

Ombudsman's Determination

Applicant	Mr D
Scheme	Collective Retirement Account (the Scheme)
Respondents	Old Mutual Wealth Life and Pensions Limited (OMW)

Complaint Summary

Mr D has complained that OMW would not pay his remaining tax-free cash lump sum (**TFC**) and pension by electronic bank transfer to his Australian bank account or to a UK bank account he later opened.

Mr D says that he has suffered a loss of AU\$140 a month, which is the interest he is paying on a loan he had to take to complete house renovations, because he has not received his pension benefits. In addition, Mr D says that he had to pay a fee of AU\$1500 to process the cheque he received in relation to his TFC. Mr D also claims that he and his wife have suffered from stress caused by the situation.

Summary of the Ombudsman's Determination and reasons

The complaint should be upheld against OMW because Mr D had opened a UK bank account registered to his independent financial advisers' (**IFA**) address. OMW's terms and conditions state that it would make a Bankers' Automated Clearing System (**BACS**) payment to a UK account. As Monzo is a UK bank, OMW should have paid Mr D's remaining tax-free lump sum to his Monzo account.

Detailed Determination

Material facts

1. Mr D is a non-UK resident residing in Australia.
2. The Scheme is a registered pension scheme to which contributions can be made to top up any contributions that are being made to a separate workplace pension scheme. The Scheme provider is OMW and Mr D is a member of the Scheme.
3. In September 2017, Mr D took out a loan for AU\$30,000, around £16,500, to complete his home renovations.
4. On 26 January 2018, OMW paid Mr D a part of his TFC allowance which amounted to £12,000. The payment was made by cheque.
5. In April 2018, Mr D's IFA contacted OMW in relation to the payment of his pension benefits and the remainder of his TFC which was approximately £13,000.
6. In June 2018, the IFA sent a letter to OMW providing details of Mr D's Monese account. Monese is a financial services provider in the United Kingdom that provides current accounts in the UK and the Eurozone. It is a registered agent of PrePay Technologies Limited which is an electronic money institution authorised by the Financial Conduct Authority (**FCA**) under the Electronic Money Regulations 2011 (900010) for the issuing of electronic money and payment instruments.
7. The IFA asked OMW to confirm that it would be able to make payments to this type of account.
8. In August 2018, OMW contacted the IFA and explained that:
 - It had received the payment request for Mr D's pension benefits.
 - It could not make payments to a non-UK account so it would not be able to make payment to the account details that had been provided.
 - Mr D had previously received part of his TFC via cheque and this method of payment could be used again.
9. The IFA responded and explained that the account details it had provided were for a UK bank account with Monese.
10. OMW confirmed that it was unable to pay the Monese account as it was considered a payment service provider (**PSP**). OMW said that it would only pay UK Banks authorised by the Prudential Regulation Authority and regulated by the FCA.
11. Mr D subsequently opened an account with Monzo Bank Limited (**Monzo**) using his IFA's registered address. Monzo, is a digital, mobile-only bank based in the United Kingdom. Monzo received its banking licence in April 2017 and is authorised and regulated by the Prudential Regulation Authority and the FCA.

12. On 31 August 2018 the IFA contacted OMW and advised it that Mr D had opened a UK bank account with Monzo. OMW said that it was unable to make payment to his Monzo account as it was opened using his IFA's address. It reiterated that the only payment method available was by cheque.
13. In September 2018, Mr D made a formal complaint to OMW. He said:
 - He had been trying to arrange payment of his pension benefits to his Australian bank account or his UK based account with Monese.
 - His IFA had spoken to OMW and it had been indicated that payment through Monese would be acceptable. However, this had subsequently been refused.
 - He was dissatisfied with OMW's business decision not to make payments to overseas bank accounts, and that as he was not a UK resident he was unable to open a conventional bank account.
 - He had a cheque sent to him for his TFC that was sent back to OMW, so it could negotiate the electronic transfer of funds.
 - He wanted future payments to be made directly to his UK Monese account or to his Australian bank account.
14. In response OMW said:
 - As a UK company it would ordinarily, as its terms and conditions (see Appendix) state, make payments to a UK bank account in Mr D's name in pounds sterling using BACS.
 - It appreciated clients may move abroad in their life time and that when there was no alternative it would consider paying to a non-UK bank account, or by cheque.
 - It would be unable to make payment to Mr D's UK Monese account or his Monzo account.
 - Monese is considered a PSP and OMW had taken the stance to only pay UK banks authorised by the Prudential Regulation Authority and regulated by the FCA.
 - PSPs are not subject to the same level of checks and balances a regulated bank would operate under.
 - It was unsure if the Financial Services Compensation Schemes cover applied if the PSP failed to meet its liabilities.
 - Mr D's account with Monzo was opened using his IFA's office address. Monzo's terms specifically state that a client must have a UK based address even if they do not reside in the UK.

- Further, this did not satisfy OMW's requirement for proof of bank account ownership listed in section 6 of its withdrawal form (see Appendix), as the address did not match Mr D's address that OMW had on its records.
- It confirmed that the payment method would be by cheque.

15. Mr D transferred out of the Scheme in December 2018.

Summary of Mr D's position

16. In summary Mr D has said:

- He is unhappy with OMW's decision to not make payment to his Australian bank account and that OMW are only prepared to make payment to him via cheque.
- As he is a non-UK resident he is unable to open a normal high street bank account.
- He had opened a UK based Monese account but OMW refused to make payment to it as it was not covered by the required regulations.
- He had also opened a UK Monzo account which was covered by the regulations but OMW would not make payment to this account as he had used his IFA's address.

Summary of OMW 's position

17. OMW's position remained the same as in its complaint response dated 29 October 2018. In addition, it said:

- Its terms and conditions (see appendix) state that it will only make payments to a bank account in Mr D's name and that payments would be made in pounds sterling by electronic bank transfer using BACS.
- The withdrawal form made it clear that it would need to see proof of bank account ownership. The form states that proof could be a voided cheque or a copy of his bank account statement.

Conclusions

18. The Scheme's terms and conditions state that OMW would make payment to a bank account in Mr D's name and that the payments will be made in pounds sterling by electronic bank transfer using BACS.
19. Monese is a payment services provider and not a recognised bank and so is not sufficiently regulated. I accept therefore that in accordance with its own terms and conditions OMW were permitted to refuse to pay Mr D's benefits to his Monese account.

20. Monzo, however, is a digital, mobile-only bank which is authorised and regulated by the Prudential Regulation Authority and the FCA. Mr D's Monzo account is able to receive pounds sterling payments made using BACS. I find therefore that Mr D's Monzo bank account met OMW's terms and conditions as an appropriate bank account.
21. OMW has explained that because Mr D's Monzo account was opened using his IFA's business address it did not satisfy its usual requirement for proof of bank account ownership. I accept that, but consider that OMW should have provided an explanation to Mr D of what proofs of ownership it would accept rather than telling him that the bank account could not be used at all. OMW's requirements for proof of ownership say that Mr D would have needed to provide a voided cheque or a bank account statement that had been certified by his IFA. I note that the proof of ownership requirements do not actually mention confirmation of the account holder's address. Indeed, it seems to me unlikely that this is a requirement given that a voided cheque would not usually have the account holder's address on it.
22. I understand that address validation checks are there for good reason, but Mr D used his IFA's address to open his Monzo account, and in this case it would have been clear to OMW why he needed to do that. Furthermore, OMW would have been able to verify the IFA's address. There is no evidence that its use cast actual doubt on Mr D's account ownership.
23. I find that Mr D's Monzo account met OMW's terms and conditions and I cannot see a reason why Mr D could not have met its requirement for proof of bank account ownership. So, OMW should have explained to Mr D what he could do to verify the account ownership and paid Mr D's pension benefits to his Monzo account.
24. Mr D has identified his loss to be a cheque processing fee and the interest he is paying because he had to take a loan to complete home renovations due to delays in receiving his pension. I do not find that he suffered financial loss as a consequence of any wrongdoing by OMW. Mr D did not hold an appropriate bank account at the time when OMW sent him the cheque for his TFC payment. OMW were therefore unable to make payment in any other way at that time. OMW cannot be held responsible for the cheque processing fee incurred by Mr D.
25. Mr D says that he has suffered a loss of AU\$140 a month, which is the interest he is paying on a loan he had to take to complete house renovations. He says he took out the loan because he did not receive the outstanding TFC of around £13,000. Mr D took out the loan in September 2017 some months before the first tranche of the TFC was paid and certainly before OMW refused to pay the second payment direct to his bank account. He cannot therefore argue that he took the loan as a direct result of OMW's decision.

26. However, whilst there has been no financial loss as a result of OMW's decision not to pay the remaining TFC direct to Mr D's UK Monzo bank account I find that Mr D will have suffered significant distress and inconvenience and this should be recognised.

Directions

27. Within 14 days from the date of this determination OMW shall pay Mr D £500 for the distress and inconvenience caused by not making his pension payments to his UK Monzo account.

Karen Johnston

Deputy Pensions Ombudsman
17 December 2019

Appendix

Terms and conditions for the collective retirement account

17. Payments of withdrawals

17.1 We will only make payments to a bank account in your name.

17.2 Payments will be made in pounds sterling by electronic bank transfer using BACS.

Withdrawal form

Section 6 – Bank details

This is for details of the bank account where you would like us to pay your tax-free cash or income withdrawals.

We will need to see proof of the bank account ownership. The proof can be a voided cheque or a copy of your bank account statement (certified as a true copy by your financial adviser). If you have online bank account statements, you can send a printed copy certified by your adviser.