

The complaint

Mr A complains about Skipton Building Society's cash deposit process, and the time it took to get served at its branch.

What happened

Mr A attempted to pay cash into his account at Skipton's branch, but after the cashier carried out some checks Mr A's deposit was declined, and he was asked to prove the origin of the funds by production of his wage slips.

Mr A said he's been taking cash to Skipton for years and was never told that this wouldn't be accepted without copies of his wage slips. He said he did not want to bring his wage slips to Skipton as this information is personal to him. Mr A complained to Skipton about his experience at its branch and that he was not made aware of the process.

In its response, Skipton said it allows all types of payments into accounts, but reserves the right to ask customers about the source of their funds by use of a 'Cash Receipt Declaration Form'. Skipton said it understood Mr A's wish to keep his wage slip private, but as his account had only been funded by cash it is required by law to obtain proof of the source of the funds.

Skipton said that as Mr A did not provide a wage slip as proof of source of funds his cash deposit was rejected. Skipton apologised for any embarrassment to Mr A and for his waiting 30 minutes in branch. Skipton also apologised that Mr A was incorrectly told on a call that cash deposits over £500 can be rejected. Skipton offered Mr A £75 compensation.

Mr A wasn't happy with this response and referred his complaint to our service. He said he hadn't refused to provide his wage slips but was shocked at this request as this is very personal information. He said if there was a leaflet explaining this new procedure he would not have complained, but instead Skipton's leaflet states it does business as it did when it first started. Mr A said this is very misleading, and false advertising.

Mr A said Skipton told him on a call it can only look at wage slips, not take copies, but was told in branch they wanted to keep copies. He said there's no information about this and Skipton needs to be open and transparent. Mr A said he was kept waiting in branch and felt really embarrassed and upset when his deposit was declined in front of other customers.

Our investigator didn't recommend the complaint be upheld. He said Skipton's terms and conditions allow it to request the source of money and evidence, and so it was fair for Skipton to ask Mr A about his deposit. He said as per Skipton's policy, completion of the Cash Receipt Declaration Form doesn't result in automatic deposit acceptance. Skipton can question further to get a full and accurate account of the situation before deciding.

The investigator said Skipton found Mr A unwilling to provide his wage slip, and its rejection of the deposit was reasonable. He said Skipton has notices about source of funds in branch, on its website and within its terms and conditions. These state, 'We can refuse to accept cash payments in if we have reasonable concerns about the source of the money... could happen if we ask you for evidence of the source of the money and you refuse to provide it.'

The investigator said Skipton had apologised for the embarrassment and delay to Mr A in branch and for the misleading information and the compensation it offered was in line with our guidelines on distress and inconvenience.

Mr A disagreed with the investigator and requested an ombudsman review his complaint. He said he hadn't refused to provide evidence, his cash was taken before this was requested. He said the information about this should be available in branch as he doesn't have the internet and has no other means of finding out. He said Skipton head office told him that branch staff aren't allowed to take copies of wage information.

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.

Mr A considers that Skipton hasn't adequately informed its customers about its cash verification process and is unhappy about how this was carried out with him at the branch. I have looked at Skipton's requirement for Mr A's information and the process it is working to in order to see if it has followed the correct rules and to see if it has treated Mr A fairly.

From Skipton's records I can see that Mr A attempted to pay cash into his account which he said is his wages. Skipton declined the transaction 'due to insufficient proof of funds'.

Skipton told Mr A that it is not obliged to accept cash payments to accounts and is required to evidence the source of cash. This is correct according to the rules requiring financial businesses to know about and prevent cash deposits being the source of crime. Skipton (and other financial businesses) put in place policies to carry out this function and it's not our service's role to tell them how they should do this, we look to see if a business has treated its customer accordingly and fairly.

Skipton strengthened its cash deposit process before Mr A's attempted deposit and introduced its new Cash Receipt Declaration Form. This appears to be a reasonable means of gathering the information required of Skipton in accepting cash deposits. Skipton has pointed out there are safer and more convenient means of transferring money than by cash and its form allows it to understand the reasons for the use of cash and its origin.

And so, Skipton acted in line with its policy in requesting Mr A complete its Cash Receipt Declaration Form. As the investigator said, this doesn't automatically mean a deposit will be accepted and can lead to further questions. From the copy of the form, I can see that Mr A completed the box which states, 'Please full details below of where this cash has come from', with 'wages paid in cash'.

I can understand why Skipton's response to this was to ask further questions to gain a fuller understanding of the source of Mr A's funds than he had provided. This further questioning led Skipton to believe that Mr A was reluctant to share the wage slip, and so it declined to accept his cash deposit. In so doing Skipton followed its terms and conditions which tell customers it may reject a deposit, '... if we ask you for evidence of the source of the money and you refuse to provide it.' I think Skipton acted in accordance with the law and its own policy in declining to accept Mr A's deposit, and I think it treated Mr A fairly and reasonably.

I can understand the embarrassment for Mr A in having his cash deposit declined in branch. It would have been preferable if he had known in advance that Skipton would need information about the source of his funds, and this could have saved him waiting at the branch. However, I can see from Skipton's business information that it notifies customers that it may ask them about cash deposits by means of a notice on its website, in branch and within its terms and conditions of the account. And overall I don't think the time it took to decide about the deposit was unreasonable.

Skipton's leaflet in branch states; 'Cash deposits, To comply with our regulatory obligations, we may ask you to confirm the source of any cash deposits'. And so I think Skipton has done enough to make its requirements for information about cash deposits clear to its customers. However, where a customer is unaware of the process as with Mr A, it might be better to take time to explain things away from the public area of the branch.

Mr A did not feel he was being dealt with reasonably and he called Skipton to find out more. On this call Skipton told him it would not take a copy of his wage slip in branch. Skipton has acknowledged that this was misinformation as it would copy the wage slip. In this respect Skipton increased its offer to £100 compensation for any inconvenience caused to Mr A. Mr A rejected the offer and said there's no law requiring customers to check terms and conditions and asked what happens to people who can't use an online service.

Skipton explained that this aspect had not been investigated previously as Mr A had not raised it as part of his original complaint. Consequently I haven't considered this point in detail here. In all other respects, because information to customers was available in branch as well as online, I think Skipton did enough to alert customers to its cash deposit process.

The compensation now offered by Skipton is modest, but the service for which Skipton has apologised to Mr A fits within the bracket of complaints where the detriment to the consumer is low. I consider that £100 is about the amount we would normally award in these circumstances. Having thought about what happened to Mr A I think the compensation is fair and reasonable and I recommend Mr A contact Skipton to accept it.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 June 2024.

Andrew Fraser
Ombudsman