

Scottish Widows Complaint: PO-14071

Analysis of TPO Determination of 26 March 2019

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*This document contains numerous **hyperlinks**: I use **blue** for HTML documents, **crimson** for PDF documents, and **black (underlined)** for links to sections within this document (navigate with Back/Forward arrows).*

This document relates to criminal misconduct by Scottish Widows, and its cover up by The Pensions Ombudsman, in relation to my application to take a lump sum in April 2016. It is a detailed analysis of the Final Determination by Anthony Arter. It assumes familiarity with the case; for a concise introduction, see the case [Compendium](#).

It will be seen that the Determination and Opinion are mainly contrived at defending:

- SW's draconian documentation demands, made under a demonstrably-false pretence
- TPO's "pragmatic solution", based on my supplying a substitute for my national ID card

The Determination is clear evidence that **at no time did TPO ask Scottish Widows to explain their "Identification and Verification" demands**, which are stated only to be "required under UK legislation". Nor did TPO consult HMRC to get an evaluation "from the horse's mouth". Instead, **TPO (Jane Stephens and Anthony Arter) acted as SW's advocates and self-professed AML experts**. In so doing, they made some egregious errors.

This Determination has been published on the TPO website. Yet nobody who has the least understanding of my case could give TPO's defence of SW any credibility. So TPO has taken care to obscure or grossly misstate key facts. There are many statements that I disproved with clear evidence in my Opinion Rejection that remain unchanged in the Determination, even though Mr Arter read this document. The effect is to give a quite false impression of both SW's conduct and my responses to it, and thus to mislead the reader into considering SW's position to be reasonable and mine not.

But apart from the gross misrepresentations of my case, there are some serious internal inconsistencies, and even someone without knowledge of my case who scrutinises the Determination carefully should perceive its defects. Mr Arter is obviously hoping that nobody will give it much attention, or that they will assume that an august institution such as TPO must be right. But it is potentially a highly incriminating document.

Synopsis of Determination and Opinion

The [Determination](#) is mainly a superset of the [Opinion](#), comprising an updated version of the document created by Ms Stephens, with further paragraphs from Mr Arter. The following table lists all important numbered paragraphs and possibly bullet points within. Except where noted, corresponding paragraphs in the two documents are (essentially) identical.

Throughout, paragraph numbers in the Determination are enclosed in square brackets [], and those in the Opinion are in angled brackets <>. As elsewhere, underlined elements are links to further details.

Determination	Opinion	Comments
[1-2]	<1-3>	<i>Outcome</i>
[3]	<5>	<i>Complaint Summary</i> <i>Complaint summary and Background</i>
		<5> in the Opinion is a separate section [3] in the Determination.
[4-27]	<4>, <6-28>	<i>Background information, including submissions from the parties</i> <i>Complaint summary and background</i>
[7]	<8>	Gross misrepresentation of documentation requirements.
[9]	<10>	Misleading reference to letter in rejection of my documents.
[11]	<12>	Misleading reference to a further letter requiring documents.
[16]	<17>	Disguised reference to first attempt to defuse my complaint.
[18]	<19>	Misleading reference to email response to my complaint.
[20]	<21>	Reference to offer to accept my national ID card as verification.
[21]	<22>	Reference to the postal follow up to the above.
[23]	<24>	<i>Mr S' Position</i>
[23.9]	<24.9>	This refers to Scottish Widows five attempts to telephone me .
[24-27]	<25-28>	<i>Scottish Widows' Position</i>
[24.1]	<25.1>	Preposterous claim that I had verified my address but not my name.
[24.2]	<25.2>	Preposterous claim that my national ID card would not verify my name.
[24.3]	<25.3>	Pointless and futile claim that bank statements would verify my address.
[24.4]	<25.4>	Outrageous attempt to negate the fact that I had previously liquidated SW investment and mortgage plans with only a signed letter.
[24.5]	<25.5>	Statement that SW should not have offered to accept my ID card (twice).
[27]	<28>	Gross misrepresentation through a selective quotation.
[28]	<29-39>	<i>Adjudicator's Opinion</i> <i>My findings</i>
		<i>In this section, Mr Arter made significant revisions in the Determination to the equivalent paragraphs in the Opinion by Ms Stephens.</i>
[28.1]	<31>	General discussion of AML regulation history, excluding 2007 Regulations (<i>some of the more irrelevant details are pruned in the Determination</i>).
[28.2]	<32-33>	General discussion of AML regulations (<i>amalgamated in Determination</i>).
[28.3]	<34>	Statement asserting that Scottish Widows was correct to have asked for the information in the format that it did (!) (<i>revised in Determination</i>).
[28.4]	<35>	Statement in support of SW's documentation demands, for which the premise is my Mexican residency (<i>revised in the Determination</i>).
[28.5]	<36-37>	Deals with SW's use of post; heavily abridged in the Determination.
[28.6]	<38>	Summary, again abridged in the Determination.
[29]		States that I did not accept either the Opinion or the Amended Opinion.
[30]		States that I provided further comments which he has considered.
[31-48]		<i>Ombudsman's Decision</i>
[31]		A summary showing that Mr Arter read my Opinion Rejection.
[32]		States that many other issues I have raised have been dealt with.

[33]		Includes strange statement that AML regulations are for my protection.
[34]		Statement that I consider SW's requirements to be inappropriate.
[35]		Non-specific reassertion that due diligence must be applied, and that discretion is available to the pension provider.
[36]		Non-specific assertions, including another take on my Mexican residency.
[37-39]		Quotes and utilises a catch-all AML regulation.
[40]		Reasserts validity of requirements, and says he has seen no evidence to indicate that the requirements are a ruse to deter pension encashment.
[41]		States that SW has tried to find other means of assisting me, and mentions "attempt by my office to achieve a mediated resolution".
[42]		States that SW now appears willing to accept documents readily available to me as proof of address; it also mentions the "letter of introduction".
[43]		Follow on from the above.
[44]		Comments on communication issues with SW.
[45]		Continues to assert that my national ID card is not satisfactory verification of Name.
[46]		False statements in connection with the Financial Ombudsman Service.
[47]		False statements that SW did not previously offer an alternative approach.
[48]		Concluding Statement.
[49]		<i>Directions</i>
		This simply directs SW to pay £1000 within 21 days. <i>Scottish Widows did not email me requesting bank details for 19 days (although I suppose they must be given some credit for using email, not post).</i>

Analysis by Paragraph

This deals with various paragraphs in the Determination and/or Opinion. Headings are usually a full quotation of the paragraph involved; where text has been removed, it is indicated by an ellipsis. Each section is headed by a paragraph reference followed by details in coloured boxes as follows:

Complete paragraph or ... excerpt ... quoted from the Determination and/or Opinion.

Comments taken from my Opinion Rejection (which was read by Mr Arter).

Later comments in response to the Determination.

[7]

On 5 April 2016, following a telephone conversation with Mr S, Scottish Widows sent an email to Mr S setting out its specific requirements for verification of identity. Mr S says that during that conversation he confirmed that he no longer wished to encash policy 7410049. The email stated that, for non-UK residents, Scottish Widows required a certified copy of two of the following documents. One to verify identity and the other to confirm address:

- ***Current signed passport***
- ***National identity card***
- ***Photo-card driving licence***
- ***Utility or Rates bill***
- ***Bank Account statements***

This statement bears little relation to the facts. The email required the provision of four documents (regardless of residency): proof of name, proof of age, proof of address, and in addition a certified birth certificate. Details of allowed means of proving Name and Address were specified on the [attached PDF form](#) (these did vary according to residency/nationality). *I could also not provide any separate proof of age, but as this was not referred to later, it must be presumed to be yet another error (deliberate or not).*

Nowhere does it say that one document is to confirm address and the other to verify identity; the email indicates that all four documents are required to verify identity. Please view the [email of 05 April 2016](#).

This email also states that 30 days are allowed to respond; yet the very next day, Scottish Widows sent two letters with quite different (and highly erroneous) forms, giving only 14 days (including post both ways).

At the end, it gives the impression of flexible options for sending documents, but it only became apparent in small print on the attached form that all documents must be certified; and these may only be sent by post. The very specific (and unreasonable) certification requirements also differed considerably between the email and the attached form. These and other issues caused considerable difficulties at the outset.

Mr Arter left this paragraph unchanged in the Determination, and thus ignored the crucial points with documental evidence I made above. But this vast misstatement was needed to sustain the position in [\[28.3\]](#) that SW's requirements conform to AML guidelines in requiring only a single document to verify identity. *It also gives the impression that I am unreasonable in describing them as "onerous".*

Note also that **national ID card is mentioned as valid verification of identity**, despite Mr Arter's strenuous assertions in [\[45\]](#) and in the statement of [\[24.2\]](#) that this is not an acceptable form of verification!

It is possible that SW later moderated their requirements, having found them too onerous (for SW, that is, not their customers), and that the above reflects the current situation. However, I provided very clear documentation of the very burdensome and changing requirements imposed on me in April 2016.

The "telephone conversation" was in fact an interview required by Scottish Widows before they will encash a pension policy. In my case, it took about an hour and a half, most of which comprised thinly-disguised efforts to dissuade me from encashment. With my hearing difficulties, I found it a nightmare, and was a nervous wreck afterwards. Although this matter is non-criminal, I do not consider it acceptable to impose this condition for encashment.

[9]

On 14 April 2016 Scottish widows sent a letter to Mr S, in relation to Policy P5779Q...

This was the [letter of 14 April 2016](#) referred to in [\[24.1\]](#) in rejection of my documents (this was a dreadful response to my [email of 11 April](#), both in its medium, and its content). The first part was an unhelpful repetition of the standard letter they sent on five other occasions; in the second part, there was an indication that my documents were rejected as my bank statement was out of date, and that Scottish Widows required documents to be posted. *I received this letter on 16 June 2016 - the same day that Scottish Widows sent a letter terminating my application.*

[11]

On 26 May 2016, Scottish Widows sent another letter to Mr S, in relation to policy P56879Q...

Yes, this was just two days after they sent [a similar letter and form](#), also for P56879Q (some were for N80803X). Non-response to these two letters and a [further one of 01 June 2016](#) [\[13\]](#) for policy N80803X was used to justify terminating my application in a [letter of 16 June 2016](#) as "we must assume that you do not wish to proceed with this claim" (even though I had sent a [follow-up email](#) on 21 May 2016, to which they responded in their letter of 01 June 2016). *All these letters and forms were quite pointless, and I believe were to feign willingness to encash as well as justify termination.*

[16]

On 30 June 2016 Scottish Widows sent Mr S a letter about Policy P56879Q, saying that it could not accept photocopies or scanned documents and would require original certified copies of the verification documents to be sent by post.

The above statement hides the embarrassing fact that this is the first of Scottish Widows' two attempts to defuse my serious complaint. It requests me to send documents that they had previously rejected as invalid (on account of a 2007 bank statement as proof of address). See [9]. *Also sent by email on 1 July.*

This skips over the cardinal point that Scottish Widows asked me to post documents that they had previously rejected (on valid grounds, according to their criteria); you did not explain how they could comply with government regulations afterwards but not before.

And I have already explained why I sent my documents by email; I was fully prepared (at that time) to send them by courier if I got the green light by way of a reply to my email (which would take SW a few seconds).

[18]

On 15 July 2016, Scottish Widows sent Mr S an email, in response to his email of 10 July 2016...

This [email of 13 July](#) (re-sent 15 July) offered three communication options - all of them telephone. This was despite having made my difficulties with this clear in the second paragraph of my [email of 10 July 2016](#). They were unable to deal with my complaint by email on the grounds of security, despite having been able to email me two password-protected PDF documents with secure reply less than two weeks earlier.

[20]

Scottish Widows emailed Mr S on 1 August 2016, about Policy P56879Q, and said :

"In order to proceed with the encashment of the above policy we require to see original or certified copies of your proof of identity.

I realise there have been various issues providing this and apologise for any inconvenience caused.

We cannot accept copies from private email accounts, however if you could arrange for a certified copy of your Identity Card to be emailed by the HSBC branch you have supplied the address for we would be able to accept this as verified proof.

Please advise the branch to include in their email:

- The name and staff number of the person verifying the ID
- The branch address and contact details
- Any specific wiring instructions to ensure payment reaches you
- Confirmation (sic) that you are the account holder.

Alternatively if the branch cannot facilitate this please send by courier the original or certified copies."

[21]

On 22 August 2016, Scottish Widows sent a letter to Mr S in relation to the email it had sent to him on 1 August 2016. The letter said:

"We would be grateful if you could request from the HSBC branch you have supplied the address for to send us a certified copy of your identity card to enable us to proceed.

For a document to be properly certified, it should be:

- Stamped original seen and dated
- The name of the certifier is visible
- The branch and address of the bank

You can also send this to us by courier, please note that we will only accept the original or the original certified copies."

This is the second of SW's "offers" in dealing with my complaint, after I had told SW that they had no business to require proof of address in addition to proof of date of birth. My national ID card provides good proof of both name and DoB, so this document alone would satisfy AML verification requirements.

As the email lacked credibility, I did not respond, and they followed up by post three weeks later.

This again conflicts with the untenable assertions in [24.2] and [45] that my national identity card is not an acceptable form of verification. In an apparent attempt to prop up this position, in [24.5] it was claimed that this offer, made on two separate occasions by two different employees, should not have been made.

[24.1]

The documents they have received to date only satisfy the criteria for verifying Mr S' address, not his name.

This statement is preposterous. It diametrically contradicts the facts, and in particular clear documented proof that it was my inability to satisfy their **Address** criteria that resulted in my documents being rejected, without any remedy being available on my part. And as you noted in <9>, I explained in my [email of 11 April 2016](#) why it was not possible for me to completely satisfy their Address requirement.

See also [Difficulties in Verification of my Address](#). I give here a summary of the main relevant facts:

- The only verification document I sent containing my address is a [bank statement for April 2007](#). I also sent my national ID card as proof of Name, and my birth certificate as the obligatory proof of Date of Birth (no issues were reported with these). I had no more recent bank statement as, for security reasons, I requested that these no longer be sent by post (*this is in fact much less secure than email!*).
- I sent all three documents on [11 April 2016](#) by email, as I was worried that they would be rejected (the biggest worry being over the bank statement). The only usable postal option was courier, which is very expensive. I reasonably expected that Scottish Widows would simply reply to this email, confirming whether or not they would be accepted; and if not, how I could deal with the matter.
- My proof of Address was rejected in SW's [letter of 14 April 2016](#) (received 16 June 2016) as "we are unable to accept any documentation that has fall(sic) outside the required timescales". *This is the document referred to in [9]*. Although the communication is to Scottish Widows' usual low standard, "timescales" can apply only to the bank statement (which must be dated within the last 3 months), not to the other two documents (for which there are no time limits).
- The address on this bank statement is the address that Scottish Widows holds, but this is **NOT my residential address**. As I cannot receive mail at this address, Scottish Widows holds a mailing address (that of a friend) to which to send all their paper. But **AML verification must be done on Residential address**, and Scottish Widows (since my arrival in Mexico in 12/2005) has not held such an address (nor did they ever ask for it). So even if I could have verified this address to SW's satisfaction, it would be invalid for AML purposes. *Another error on SW's "Individual Identification and Verification Form" is that it specifies only plain Address, not Residential Address; these may not be the same.*
- All verification documents were received by Scottish Widows only by email, for the reasons described above. But this medium is clearly unacceptable to Scottish Widows. So on this basis alone, they could hardly have received documents that satisfy their requirements for proof of address; they should still require me to supply these on paper. *On [01 July 2016](#) (after asking for their IDR) I received an email requesting me to post the documents that I had emailed, but I did not do so - see [16].*

The motivation for the above ridiculous assertion is plainly obvious: it is a desperate attempt to negate the embarrassing fact that Scottish Widows' demands for verification of Address were in my case impossible to satisfy, and therefore patently invalid. *The difficulties surrounding SW's requirements demonstrate that their intention was to make them as onerous as they could be, without being manifestly impossible to satisfy; my particular situation was clearly an oversight on their part.*

In the [email of 03 October 2017](#) from Barry Berkengoff, TPO pushed a blatantly illegal "pragmatic solution" requiring me to supply yet more verification documents, in place of investigation and determination. This charade continued on [31 October 2017](#) and [05 November 2018](#). To sustain the false pretence and thereby SW's position, SW/TPO had to continue to assert that the documentation I supplied was unacceptable. And this deficiency could not be proof of Address, as I have explained above. Nor could it be Date of Birth, as I had supplied the obligatory birth certificate. So they were left with Name...

Mr Arter did nothing whatever to address the points I made above in his Determination. Indeed, in [42] he contradicted the above statement (maybe he was confused by the incongruous [24.3]).

[24.2]

His National ID card would not verify Mr S's name. As Mr S does not have a driving licence and he is not an EEA member, only a UK passport would suffice.

A patently ridiculous statement, which is also directly contradicted by Scottish Widows' documentation. As a government-issued document with photo ID, it has the highest standard of authenticity, fully equivalent to a passport in this respect, and is my only universally acceptable form of identification here in Mexico. If verification of identity were required under AML regulations, this would offer good proof of both Name and Date of Birth, and thus be the only document required (*AML guidelines make clear that a single document of this nature will satisfy both verification criteria*).

You may have been confused by a statement that my national ID card was disallowed as a form of Name verification in the paper forms that followed the PDF one. But it is clear that all but the last of the paper forms are older than the PDF one (probably from a stock of preprinted copies), and are otherwise replete with conspicuous errors. The latest paper form they sent (dated 01 June 2016) is very similar to the PDF, and relatively error free. And both the [original PDF form](#) and the [latest paper form](#) include national ID card as a valid means of verifying Name. Furthermore, the error of omission in the older paper forms (for example, [this one of 26 May 2016](#)) is clear, as the allowed Evidence of Address documents include National Identity Card with the proviso "if not used to verify name and it shows the address". Apart from this, for Scottish Widows to not allow a national ID card as a form of verification of name would be nonsensical, and clearly not conformant to AML guidelines. Also contradicting the above statement is that whilst the [letter of 14 April 2016](#) rejecting my documents indicated that I did not have satisfactory proof of address and that the documents must be posted, there was no mention of any other issue. And on [01 August 2016](#), my ID card alone was allowed after I had challenged them over their requirements for proof of address - see [\[24.5\]](#).

But as I indicated above, it was necessary for me to lack satisfactory verification of Name to sustain the charade to protect Scottish Widows started by Mr Berkengoff (although no doubt under instructions).

*The following is an excerpt from [45], presented here for convenience as it is referred to below:
... Mr S has provided a form showing that a National Identity card would be acceptable as evidence of name. It is unclear when that form was provided to him, but a letter to Mr S dated 14 April 2016 includes a correct form which shows that a National Identity card would only be suitable as evidence of address if, in the case of a country in the European Economic Area, it has not already been used as evidence of name. ...*

Against all the evidence, Mr Arter continues to assert that my national identity card is not a valid form of Name verification.

I think it is quite clear from my above reply that both the [original PDF form](#) and the [latest paper form](#) (dated 01 June 2016) unconditionally allow national ID card as proof of Name. As I explained, these two forms are very similar, free of obvious errors, and clearly the most recent version. The remaining paper forms are quite different and full of obvious errors. These must be older, presumably from a stock of pre-printed copies (the PDF form should be more up-to-date, as it would be used to make the hard copies).

The form sent with the [rejection letter of 14 April 2016](#) is patently NOT "correct" as (for non-UK residents) for evidence of Name it specifies "(EEA) member state identity card ... - if not used for evidence of address verification", whereas for evidence of Address it specifies simply "National Identity Card (if not used to verify name and it shows the address)". Anyway, there would be no good reason for SW to generally disallow national ID cards from non-EEA member states. *This form also states for Address that "Utility bills including mobile phone bills printed from the internet ARE acceptable" (clearly wrong and inconsistent with specifications elsewhere). All five paper forms SW sent before the last are replete with obvious errors.*

Not stated in my Opinion Rejection is that page 4 of the confirmations of telephone interview for policies [P56879Q](#) and [N80803X](#) also specifies "National Identity card" as valid proof of name, if not used to verify address.

And although it was found necessary to state that SW's offer to accept my national ID alone as verification should not have been made (see [\[24.5\]](#)), there is the further difficulty (for SW/TPO) that another SW employee sent a [follow up](#) three weeks later (see [\[20\]](#)). *And in TPO's false report of SW's requirements (see [\[7\]](#)), the list of valid forms of verification of identity includes plain national identity card!*

[24.3]

Bank statements from HSBC would verify Mr S's address. ...

As noted in [\[24.1\]](#), I was not able to supply a printed bank statement dated later than April 2007 with the address that Scottish Widows holds (which anyway is not valid for AML purposes - Scottish Widows does not even know my residential address). This remains the case, as I cannot supply another statement with the (correspondence, not residential) address held by Scottish Widows - see [Difficulties in Verification of my Address](#). So bank statements did not and still cannot verify my address.

Anyway, this is inconsistent with [\[24.1\]](#), which states that they had already received valid documents for verifying my address (which clearly could not have been the old bank statement that they rejected).

In [\[42\]](#) Mr Arter continues to assert that bank statements might verify my address.

[24.4]

The reason Mr S was able to take monies was because, at that time, Anti Money Laundering exemptions applied to those policies. Those exemptions do not currently apply to these policies. (this refers to my encashment of SW investment plan OEC 11215134 and mortgage plan K168358K in 12/2013 to the same bank account in my full name in the same circumstances with only a signed letter)

I have searched extensively for references to exemptions to Anti Money Laundering policies, and can find none. The 2007 regulations were applicable when I liquefied my investment and mortgage plans, and there are no references to exemptions in that, except where the transaction amount is below the threshold (my liquidation was for many times that amount). And there were no changes to these regulations until 2017.

AML regulations are not transaction-specific (this was stated by TPAS, and confirmed by the lack of any reference to transaction types in government documentation). *The [Final Response](#) from Scottish Widows gave the game away somewhat in indicating that their documentation requirements were applied to "these types of pension policies" (I suspect those to which the Pension Freedom legislation of April 2015 applies). And there can be no rational basis for HMRC to grant exemptions to certain (unspecified) types of policies, and then remove them at some (unspecified) later date. It is convenient, of course, that these exemptions do not currently apply to these policies - otherwise the statement might be easy to disprove.*

Apart from the Scottish Widows investment and mortgage plans, I also made a number of large transfers from Lloyds bank accounts in the UK to this same HSBC (Mexico) account from 2006 to 2013; in each case, only a signed letter was required. The last of these was made when I closed my two UK accounts (numbers 10869268 and 02208398) in a letter of 02 December 2013. At least some of these transfers (including early ones for construction of my house, and the last) were well above the threshold at which verification would be required - did AML exemptions apply here too? If so, what types of transaction were not exempted?

All things considered, I can give this very weak statement zero credibility. If there were any basis to your claim that exemptions applied, you would have provided specific information that could be checked, including the types of policies affected and the period of the exemption (just as you provided specific, although irrelevant, information in other areas). And if this statement was made by Scottish Widows, you should have asked them to substantiate it, rather than simply accepting it.

I contend that this statement is not just unsubstantiated, but an outrageous lie. It is another desperate attempt to negate evidence supporting my statements about the illegitimacy of Scottish Widows' documentation demands, which I expect to be able to conclusively disprove with further investigation. In the meantime, I challenge you to prove me wrong by providing proper verifiable information.

Mr Arter could have (and would have) dismissed my rejection above if the statement were true, as it is very strong evidence in contradiction of the legitimacy of SW's documentation requirements (*and Mr Arter is clearly an expert on AML regulations!*). However, he stated only:

[31] "... He insists that he has carried out other transactions from abroad and not faced similar issues with the transfers."

and:

[36] "... I cannot comment on the previous instances where Mr S says that he has transferred funds, my review is limited to the facts of this particular case. ..."

But the unsatisfactory statement above said to be from Scottish Widows is part of the facts of this case, and it has not been addressed.

[24.5]

The offer for Mr S to email the documents should not have been made.

Indeed not, as it is yet more evidence of Scottish Widows' manipulations to avoid being brought to justice. But I do not yield to criminal misconduct, which had become clear by the time this "offer" was made.

This second offer was in response my [interim complaint of 10 July 2016](#); this was based on an incomplete AML assessment, in which I asserted only that Scottish Widows had no business to require verification of address. It was to accept my national ID card alone as verification (*this would satisfy AML regulations, were verification required*), but with some stipulations, including that it were emailed by my bank, plus others that were clearly ad-hoc in nature - see [\[20\]](#). *It was necessary to add these stipulations to avoid the charge that they should have accepted the original emailed documents.*

This was Scottish Widows' second attempt to defuse a complaint that would have grave consequences for them if brought to justice. Their first attempt was on [01 July 2016](#), when they telephoned then emailed an offer to accept the documents as I emailed them, provided they were sent by post. The telephone calls they made at various hours after my case was assigned to the Adjudicator constitute their third attempt.

This appears to be another effort to deny the validity of my national ID card; as mentioned, this position is made even more difficult by the fact that another SW employee [followed up this offer](#) three weeks later.

This is only part of incontrovertible evidence showing that my national ID card was specified as a valid form of verification, and was allowed as such. But although TPO seems to have a desperate fixation on the "pragmatic solution" based on an alternative to my national ID card, they made a bad mistake in including National identity card in their bowdlerized list of verification requirements ([\[7\]](#)).

[27]

***Mr S has declined to provide a letter of introduction and maintains that Scottish Widows is "guilty of criminal misconduct in imposing onerous verification requirements."* (full stop included in quotation)**

This is a misleading incomplete sentence from my [email of 11 November 2018](#), with the spurious full stop disguising the fact that a key point follows. My statement continues:

"... under the blatant false pretence that they 'are required under UK legislation.'"

TPO's partial quotation gives the impression that I have been unreasonable in describing SW's conduct as criminal. It also omits my important point that Scottish Widows is guilty of a **false pretence**. *This key point is not mentioned anywhere in the Opinion or Determination. Without the false pretence, their conduct would be gross maladministration, but presumably not criminal, and I would not describe it as such.*

<34>

Scottish Widows is a business which is required to comply with the Money Laundering Regulations and it was therefore correct for it to have carried out the required identity and verification checks, and to have asked Mr S to provide the information in the format it did. The information requested clearly complies with that set out in the Money Laundering Regulations and the HMRC guidelines.

[28.3]

Scottish Widows is subject to money laundering regulations and it was entitled to have carried out the identity and verification checks, and to have asked Mr S to provide the information in the format it did. The Adjudicator was of the view that the request complied with the 2017 Regulations and the HMRC guidelines.

This essentially comprises two assertions, neither of which has any specific explanation (*Ms Stephens claimed that just being required to comply with the Money Laundering Regulations was sufficient*):

1. that Scottish Widows was correct in applying due diligence in my case
2. that the form of this due diligence (i.e. the documentation requirements) was appropriate

The following section contains the TPO explanation for the first assertion, and my response. This section deals only with the nature of the documentation requirements. One can hardly describe this adequately here. To see how absurd is the claim that SW was entitled to have asked me to provide the information "in the format that it did", see a [summary of SW's requirements](#) together with the [Verification Issues](#) page (which includes links to government documents).

In summary, through confusing, erroneous and changing documentation, SW required three (or four) certified documents giving separate proofs of name, address, date of birth (with possibly additional proof of age). AML guidelines make clear that verification of identity requires proof of name plus EITHER date of birth OR address; and that a single document with photo ID is sufficient.

And the grossly erroneous and changing nature of the documentation not only demonstrates a negligent disregard for the customer, it is also strong evidence that it has nothing to do with AML, as it is quite inconceivable that documentation that should date back to 2007 would be in such disarray - see [\[40\]](#).

*Note that [\[7\]](#) falsely indicates that only a single document was required for verification of identity, even though this directly contradicts the clearest evidence (including the [requirements email](#) and [form](#)). Given the care I have taken to describe the situation, and the importance of this information to the case, I can **hardly believe that this was accidental**. The effect is to lend credibility to TPO's assertions that SW's documentation requirements are reasonable. It also conveys the impression that I am unreasonable in describing them as "onerous" (note also [\[27\]](#) above).*

<35>

Although Mr S refutes that Scottish Widows' actions are in line with UK legislation, he says that "Government documents indicate that as a face-to-face customer taking the lump sum as part of an ongoing business relationship no verification documents should have been required." Regardless of whether the payment of the pension benefits from the policies would be regarded as part of an ongoing business relationship, the HMRC guidelines are clear that 'enhanced due diligence' should be carried out when the customer is not physically present when the identification checks are carried out. Given that Mr S resides in Mexico, and so was not physically present, it follows that verification documents would be required.

[28.4]

Mr S believes that no verification documents were required in his case, as he is a face-to-face customer with an ongoing business relationship. Nonetheless, the HMRC guidelines say that 'enhanced due diligence' should be carried out when the customer is not physically present when the identification checks are carried out. As Mr S resides in Mexico, and so was not physically present for Scottish Widows to carry out the face-to-face checks, it follows that verification documents would be required.

My unusual situation (Mexican residency) has led TPO to claim that this justifies SW's documentation demands; that "enhanced due diligence" is required since, being in Mexico, I was not physically present when the identification checks were carried out.

This appears to ignore the statements I made below, in which I explained that identification was carried out in the UK on a face-to-face basis (this is referred to as Standard evidence in the Appendix 5.1.1 of the Anti-money laundering guidance). Verification of identity follows as 5.1.2, and this must be what is referred to above as "identification checks", as I have already been identified.

TPO states that enhanced due diligence should be carried out "when the customer is not present when the identification checks are carried out". However, section 7.11 (Enhanced due diligence) of the [AML guidance](#) states that EDD is applied "when the customer **has not been** physically present for identification purposes". *Note the use of the present perfect tense*; I have been present in the UK for identification, and as such am a face-to-face customer, not requiring EDD. TPO's assertion is therefore incorrect.

But the basic premise is that my Mexican residency makes me a special case as a non face-to-face customer requiring enhanced due diligence. Not only is this contradicted by section 7.11, but it is folly to claim that the customer's country of residence does not determine whether or not the transaction is carried out face-to-face. In fact few if any customers are likely to visit SW's premises to encash a pension, even if they are resident in the UK. Most, if not all such transactions, regardless of where the customer lives, are "customer not present". So there is no material difference for this purpose between my situation and a UK resident. There is no basis for the implication that living in Mexico makes me a special case.

The TPO assertion is also inconsistent with the facts of the case. There was no indication from either SW or TPO that my Mexican residency makes me a special case until the Opinion (*which contains numerous other inept statements in connection with AML*). SW's Final Response states that their documentation requirements are applied to **all** customers wishing to encash (certain types) of pension policies. The confirmations of telephone interview say that verification of identity was required as they were not able to confirm this "through the credit reference agency we normally use".

Your discussions of AML in <33-35> ignore the basic fact that customer due diligence involves two phases:

1. Identification, in which details are taken from the customer and recorded. This requires documents giving proof of (at least) Name, Date of Birth, and Residential Address.
2. Verification of Identity, which is a check that the individual matches that previously identified. This requires proofs of only a subset of the data recorded during the identification phase: viz. Name, plus EITHER Date of Birth OR Residential Address.

You imply that criteria for identification apply in addition to the simpler requirements of verification of identity. But it is clear from both AML documents and common sense that identification is done only to establish and record an identity; subsequently, only verification of that identity would be required.

Scottish Widows has already established my identity; and this identification took place on a face-to-face basis while I was living in the UK. The comments in <35> are therefore incorrect, as I was physically present when the identification checks were carried out. And as I have had an ongoing business relationship with Scottish Widows since identification, no verification is required either.

It may suit you and Scottish Widows to use the terms Identification and Verification together, but this is only one of many errors in their documentation. As noted above, the requirements for Identification and Verification of Identity are different, yet most of their documentation does not distinguish the two. And it should be obvious that one does not do both at the same time. *The [confirmation of telephone interview of 05 April 2016](#) does correctly refer to the process as Verification of Identity (see page 4).*

[32]

Mr S has also raised many other issues concerning his complaint and past correspondence with my office, however these have been dealt with separately, so I do not intend to address those matters here.

See the [chronology of my dealings with TPO](#) (which includes the complete correspondence) to see how I have been treated by TPO, and how my cautiously-expressed concerns have been "dealt with". It is no surprise that Mr Arter did not want to address these matters in the Determination.

[33]

... I should perhaps explain that the intention of all such legislation, among other things, is to place responsibility on providers and provide protection for customers, such as Mr S, from financial loss and illegal money laundering activity due to lax checks. ...

Contrary to Mr Arter's strange statement, AML regulations have nothing to do with protection of the consumer. They are to protect the UK financial system, and also to help in the fight against crime. There may be a secondary beneficial effect on finance companies, but any beneficial effect on consumers would be tertiary at most.

However, this feigning of consumer-friendliness is consistent with many other duplicitous statements from Mr Arter, who rules against the legal rights of the consumer while claiming it is for their own good.

As someone who holds shares in 22 pension providers and has a background as a solicitor acting for such companies, Mr Arter can hardly have any credibility as a defender of pension holders' rights.

[36]

Since Mr S had his initial face-to-face verification checks carried out, he has moved to Mexico and he is no longer a UK resident, so his circumstances have changed significantly. He is also seeking a cross-border transfer of funds to another account. For the reasons already set out by the Adjudicator, it is therefore right for Scottish Widows to carry out customer due diligence checks, notwithstanding that Mr S is an existing customer. I cannot comment on the previous instances where Mr S says that he has transferred funds, my review is limited to the facts of this particular case. What I can say is that Scottish Widows has not acted unreasonably in the requirements provided to Mr S.

Mr Arter (like Ms Stephens) seems to be rather confused about the terms "identification", "verification of identity", and "identity checks". He now inappropriately refers to "verification checks".

Again, Mr Arter tries to capitalise on my Mexican residency; however my comments in <35> and the following section make clear that this is not relevant to AML circumstances. Neither should there be any grounds for suspicion over the HSBC bank account in my full name of Ian Clive McInnes, which Scottish Widows already held, from which I supplied SW with a [bank statement](#), and to which numerous large transfers have been made from the UK by both Lloyds and Scottish Widows since 2006.

I also dealt with the reasons set out by the Adjudicator in justification of customer due diligence (*or is it enhanced due diligence?*) in <35>. These can have little credibility, and Mr Arter must be desperate to uphold them.

Again, Mr Arter asserts that Scottish Widows has not acted unreasonably in the "requirements provided to Mr S". I can only refer readers to my [narrative of these requirements](#), so that they can judge the matter for themselves.

[37]

Mr S states that he has an ongoing business relationship, and the transfer represents a transaction carried out within that relationship, rendering any further verification exercise unnecessary. As I have pointed out, this is not the case. Furthermore, Regulation 7(2) of the 2007 Regulations says that "a relevant person must also apply customer due diligence measures at other appropriate times to existing customers on a risk-sensitive basis."

[38]

Regulation 27(8) of the 2017 Regulations also echoes this when it says:

"A relevant person must also apply customer due diligence measures -

- a) at other appropriate times to existing customers on a risk-based approach*
- b) when the relevant person becomes aware that the circumstances of an existing customer relevant to the risk assessment for that customer have changed."*

[39]

These provisions allow Scottish Widows an element of discretion in deciding whether customer due diligence should be carried out in specific cases regarding existing customers. I believe that the circumstances of this case provide sufficient grounds for Scottish Widows to decide to apply some customer due diligence measures following Mr S' request.

Nice try at a catch-all clause in AML regulations Mr Arter, but it doesn't quite work...

Regulation 27(9) of the [2017 Regulations](#) states:

"For the purposes of paragraph (8), in determining when it is appropriate to take customer due diligence measures in relation to existing customers, a relevant person must take into account, among other things-

- a) any indication that the identity of the customer, or of the customer's beneficial owner, has changed
- b) any transactions which are not reasonably consistent with the relevant person's knowledge of the customer
- c) any change in the purpose or intended nature of the relevant person's relationship with the customer
- d) any other matter which might affect the relevant person's assessment of the money laundering or terrorist financing risk in relation to the customer"

None of these conditions could reasonably be said to be applicable to my case. They all concern changes to the nature of the customer or the relationship. The fact that I now live in Mexico (which Mr Arter again attempts to use as justification in [\[36\]](#)) can hardly be relevant here, and there are no other changes.

[40]

I appreciate that Mr S is finding it difficult to comply with the due diligence checks requested by Scottish Widows, but that does not mean that those requirements are too onerous or not compliant with legislation. Under the 2007 and 2017 Regulations, Scottish Widows has to satisfy money laundering requirements. This includes taking fresh steps to confirm Mr S' identity by asking for documentary evidence. I have seen no evidence to support Mr S' claim that this is simply a convenient excuse to prevent him from taking his benefits.

Mr Arter says that he has seen no evidence to support my claim that "this is simply a convenient excuse to prevent him from taking his benefits". *In fact, my primary contention is that they are imposed under a false pretence (nowhere is this mentioned in the Determination). I also expressed my belief that SW's requirements are part of a fraudulent strategy to deter pension encashment (probably after the Pension Freedom legislation of April 2015, with its 25% tax concession). He has clearly not looked very carefully.*

Firstly, there is the matter of the requirements themselves and all the difficulties surrounding them. Although Ms Stephens and Mr Arter have done their best to hide the facts of these, careful scrutiny shows that they are so cumbersome in relation to AML guidelines (were due diligence required) that they could not possibly have been implemented in the genuine belief that they were legitimate.

Secondly, SW's evasive behaviour when confronted with my complaint demonstrates clearly that they knew their conduct was unlawful. And they would hardly make their two offers to accept (a) my invalid bank statement and (b) only one document instead of three, if all their demands really were "required under UK legislation". The [five telephone calls](#) they made after my case was assigned to the Adjudicator are further evidence of the importance they attached to suppressing my complaint.

Thirdly, and perhaps even more telling, is the **grossly erroneous and changing nature of the requirements documentation**. As I mentioned, the [original PDF form](#) and the [latest paper form](#) (dated 1 June 2016) are very similar, free of obvious errors, and clearly the latest revision. The remaining five paper forms are full of conspicuous errors; I list them here in chronological order of the date they were sent:

- two of 06 April 2016 (the day after my application) for [P56879Q](#) and [N80803X](#)
- that of 14 April 2016 in the [rejection letter](#)
- that of [24 May 2016](#) for P56879Q
- that of [26 May 2016](#) also for P56879Q

The AML regulations applicable to my application of 5 April 2016 are those dated 2007 (the next update was in 2017). If the requirements were introduced in respect of this (or an earlier) implementation, the documentation would date from that time and thus be well-established and error-free at the time of my application. So **it is absolutely inconceivable that the shambolic requirements documentation provided by Scottish Widows could have arisen from compliance with AML regulations.**

This supports my contention that it was introduced shortly before my application of 5 April 2016, most likely to stem the increase of pension encashment that would inevitably follow the Pension Freedom legislation of the previous year. *I think that this is what SW obliquely refers to as "UK legislation".*

[41]

Bearing in mind Mr S' particular circumstances, Scottish Widows has tried to find other means of assisting Mr S to comply with its requirements. An attempt by my office to achieve a mediated resolution has also been rebuffed by Mr S. Mr S says that he does not have the usual items the providers would typically request, for example passport; driving licence; and utility bills showing his home address etc. He insists that Scottish Widows is being unreasonable. I do not hold Scottish Widows responsible for Mr S' inability to provide these documents."

I am not sure what Mr Arter is referring to when he states that SW has tried to find other means of assisting me to comply with their requirements - did he mean their two attempts to defuse my complaint before I approached TPO (*which the Opinion and Determination endeavour to conceal*), or the "pragmatic solution" imposed by TPO after a year of delay and prevarication? *Also, compare with [47].*

But the attempt by Mr Arter's office to achieve a mediated solution is the "pragmatic solution" dating from 3 October 2017, which he appears to believe is legitimate. This was not mediation, but [forced upon me](#) in lieu of investigation and determination; there was no response to five emails I sent to TPO (including three to Mr Arter) in its rejection. And any mediation should be done by TPAS, not TPO.

SW also requires a birth certificate to be provided, when there are many other legitimate ways to verify date of birth. Thankfully I hold this document, but my subsequent experiences indicate that it would be very difficult for me to obtain a replacement suitable for verification purposes.

As I have made clear, SW does not hold my residential address here in Mexico, only one at which I can receive mail. So there is no way that I could provide proof of address that would be valid for AML verification purposes. It is not my fault that Scottish Widows did not take my situation into account. And by TPO's statement in [\[24.2\]](#), I am also allowed only driving licence and passport for Name verification - there should be no requirement to hold either of these documents (especially given the 14-day time limit).

[42]

In an attempt to move things forward, Scottish Widows now appears willing to accept documents readily available to Mr S as evidence of his address. Bank statements from HSBC, properly certified by the branch manager as original seen/ a true copy, might be sufficient in this respect. Also, Scottish Widows has suggested that Mr S should obtain a letter of introduction from the final financial exclusion list. Details of this has(sic) been provided to him. This can then be assessed by Scottish Widows and a decision taken regarding its suitability. To avoid any misunderstanding, Mr S should contact Scottish Widows directly to confirm exactly what is required in each case.

This is in clear contradiction of [24.1], which asserts that I had already supplied acceptable proof of address (although maybe as a result of being confused by the incongruous [24.3]). Again, I have explained in detail that I cannot supply a bank statement with the address held by Scottish Widows; but even if I could, it would not be valid for AML verification purposes, as (since mail cannot be delivered to my home address) it would be for a mailing address.

[45]

It is also clear that several misunderstandings have occurred between both parties. One such example is regarding the requirement for a National Identity card. Mr S has provided a form showing that a National Identity card would be acceptable as evidence of name. It is unclear when that form was provided to him, but a letter to Mr s dated 14 April 2016 includes a correct form which shows that a National Identity card would only be suitable as evidence of address if, in the case of a country in the European Economic Area, it has not already been used as evidence of name. I recognise that this would have been confusing for Mr S and hope that he is now fully conversant with what is required and what is not acceptable. As always, it is best to obtain clarification.

The absurdity of Mr Arter's efforts to sustain his position that a national ID card is not acceptable has been made abundantly clear in [24.2], [7], and [20]. He is clearly highly-motivated to support a "pragmatic solution" that in any case is a gross breach of the Pension Schemes Act (but he apparently believes that arbitration is a legitimate function of TPO, when this role is properly provided by TPAS).

[46]

Mr S's complaint was initially directed towards the Financial Ombudsman Service (FOS); however, I do not believe Mr S suffered any detriment as a result of this. FOS is also able to deal with some types of pension complaints. There is an overlap with certain pension complaints which is addressed in a joint Memorandum of Understanding. My office has authority to deal with such complaints and has discretion to try and to (sic) resolve them in a variety of ways including arbitration, hence its referral from FOS to my Office.

When I sent my TPO application, Scottish Widows appeared to have something to fear from TPO. Their documentation nowhere mentioned either TPAS or TPO; instead SW referred me prominently to the Financial Ombudsman (see the [complaint information of 15 July 2016](#) and their [Final Response](#)). You will be aware that this organisation is not supposed to handle pension administration complaints; yet I could quickly find several purely pension administration complaints for Scottish Widows on their website (and none was upheld). But it seems that Scottish Widows now also has an "arrangement" with you at TPO.

The above point that Scottish Widows supplied invalid complaint information was omitted from your Opinion, but this is also clearly serious maladministration (if not a criminal offence), especially as it will mislead complainants into a resolution from an organisation that has no business to deliver it.

Despite the information received by TPO both in my case documentation and that above in the Opinion Rejection, Mr Arter falsely states that my application was forwarded by FOS to TPO. In fact, I was already aware of TPAS and TPO from a previous attempt to obtain my army preserved pension from Equiniti Paymaster (who also provided [invalid complaint information](#)), so was not fooled.

This is not a trivial point; this false information combined with the pension administration complaints on the FOS website shows that FOS has dealt with (and rejected) a number of SW complaints that it should have passed to TPO. This provides clear evidence of an improper relationship between SW and FOS. *There is now even clearer evidence of such a relationship between SW and TPO.*

[47]

... Also, this was exacerbated by Scottish Widows not appreciating the due diligence compliance difficulties much earlier and offering an alternative approach, which they have now done.

This ignores (conceals) the inconvenient fact that Scottish Widows did indeed offer an alternative approach (once they knew a complaint was brewing). I have made abundantly clear that SW offered me two means to encash my pension before I approached TPO:

1. (after I requested their IDRPs) they sent an [email offering to accept the documents by post](#) as I originally emailed them (including the rejected 2007 bank statement)
2. (after I stated that under AML regulations they should not have required proof of address as well as proof of date of birth) they offered to accept my National Identity card alone (see [\[20\]](#)).

So when TPO pushed their "pragmatic solution", it was not only patently illegal (even though I was at that time not familiar with the Pension Schemes Act) but also patently ridiculous, as I made clear in my [first rejection](#) of 4 October 2017.

Conclusion

Whilst my case contains many matters indicating that Scottish Widows is not a company that one should do business with, its core is its draconian documentation requirements imposed under a false pretence. Although Scottish Widows never stated more than that "they are required under UK legislation", it is now clear that the premise for their demands is compliance with AML regulations.

The primary evidence against the legitimacy of Scottish Widows' documentation demands lies in the AML regulations themselves. These show that due diligence should not have been applied at all in my case as a customer identified on a face-to-face basis in the UK with an ongoing business relationship; but even if it were required, a single document giving good proof of name plus either date of birth or residential address would satisfy the regulations.

The Opinion and Determination did nothing to rebut my statements. And in attempting to uphold Scottish Widows's position, TPO (principally Jane Stephens in the Opinion) acted as AML experts, and in the process made some serious errors. Mr Arter did rather better in finding a catch-all clause, and making use of the fact that inevitably in these regulations there is significant scope for discretion and some matters are open to interpretation. But there is no basis for his stated belief that this gave good reason for Scottish Widows to apply due diligence in my case.

Normally, a company would not want to carry out due diligence unnecessarily. And due diligence would typically be carried out by the company without bothering the customer. But in the case of Scottish Widows, the burden of providing documentation is placed on the customer, and AML due diligence is then beneficial to the company in deterring pension encashment.

Scottish Widows never gave any explanation for their demands, and TPO never asked SW to justify them. In the Opinion and Determination, they acted as SW's advocates and AML experts. This is despite the fact that, in the absence of any satisfactory explanation from SW, TPO could have consulted HMRC, which offers such a service to companies subject to AML regulations, and they would surely respond to TPO (a fellow government organisation).

In an attempt to clear up the matter (especially over Regulation 27(8)) "from the horse's mouth", I sent an [email to HMRC](#) and received an [automated response](#). Unfortunately, as feared I heard nothing further; no doubt because they perceive that my email was sent by an individual. A response from HMRC might have been the final nail in the coffin of Mr Arter's effort (I think the statements originated by Ms Stephens have already been buried). Nonetheless, the "catch-all" and "discretion" coffin already has plenty of nails.

And apart from the evidence in the AML regulations, there is plenty of circumstantial evidence that Scottish Widows imposed these documentation requirements knowing them to be illegitimate:

- the grossly-erroneous and changing forms sent from 05 April 2016 to 01 June 2016 could hardly have been developed to comply with AML regulations last updated in 2007; they were clearly introduced a short time before my application (probably after the Pension Freedom of 4/2015)
- the Final Response, which states that **all** customers must satisfy their documentation requirements "prior to the settlement of **these types of pension policies**" (probably those to which Pension Freedom applies)
- the requirements themselves, which are so cumbersome and excessive that they could hardly have been genuinely considered a reasonable implementation of AML requirements
- the lack of any explanation from Scottish Widows for their demands (including non-response to the questions I sent on two occasions); they were stated only to be "required under UK legislation"
- the awkward fact that just over two years earlier I had encashed SW investment and mortgage plans for a much larger amount to the same bank account in the same circumstances with only a signed letter; also from 2006 to 2013 I had made numerous transactions from Lloyds bank accounts in the UK to this same HSBC Mexico account, some of which were well above the AML threshold, again all with only a signed letter
- their first offer to accept the documents that had that they had rejected due to my outdated bank statement (after I had asked for their IDRP)
- their second offer to accept my national ID card alone as verification (made after I stated that they had no business to require proof of address as well as proof of date of birth)
- their five attempts to telephone me after my case was assigned to the Adjudicator (this would no doubt have been their third offer)
- other evasive attempts to defuse my complaint, including offering only telephone for discussion, and complaint information intended to misdirect me to FOS
- the conduct of TPO, which resorted to blatant Misconduct in Public Office (at least) in a "pragmatic solution" in obvious protection of Scottish Widows

My correspondence with TPO is also clear evidence that TPO is purposely covering up Scottish Widows's criminal misconduct. The problem is in bringing the matter to the attention of the judiciary. I must assume that the UK still does have an independent judiciary, but there is widespread government corruption preventing these abuses from ever getting there.

Any appeal must be lodged within 28 days, after first applying for permission to do so; the cutoff date was thus 22 April 2019 (Bank Holiday Easter Monday!). But being resident in Mexico, there is no way I can appeal in the High Court. And in any case, it would not simply be a narrow appeal on my behalf, but an attempt to bring to justice criminal misconduct involving collusion by several government organisations (see my [Home](#) page).