



18 February 2025

Final report by the Complaints Commissioner

Complaint number 202400146

The complaint

1. On 14 May 2024, you submitted a complaint to my office about the FCA in which you raised concerns about the FCA allegedly:
 - a. allowing Bank X to ignore “Anti Money Laundering Regulations”, specifically Regulation 8(2) of the Money Laundering Regulations 2007 (MLR). This regulation pertains to the concept of “ongoing monitoring” within a business relationship. Specifically, it requires scrutiny of transactions throughout the relationship to ensure they align with the customer’s expected business activity and risk profile, and the verification of the source of funds, where necessary.
 - b. allowing Bank X to operate without appropriately implementing “Know Your Customer” and “Customer Due Diligence” checks, therefore, to operate without adequately monitoring the business accounts it held for Firm X (a non-regulated firm).
2. As a result, you say that Firm X was able to operate in a fraudulent manner and misappropriate investment monies.
3. The remedy you are asking for is the FCA “*to instruct [Bank X] to*
 - i) *repay [your] capital,*
 - ii) *to compensate [you] for the missing bond interest; and*

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- iii) *to pay [you] statutory interest on the total amount of the loss that [you] have suffered.”*

Decision

4. After careful consideration of the information provided both by you and the FCA in the complaint file and its responses to my follow-up queries, I **do not uphold** your complaint. It follows that that I do not recommend any remedy. The reasoning behind my decision is set out below.

Preliminary points

5. In order to be able to address your complaint, I have reviewed the points you made, the materials provided by the FCA and the FCA's responses to additional questions I asked in order to be able to better understand the factual matrix of the background and the work undertaken by the FCA.
6. Unfortunately, much of the information reviewed in the course of investigating your complaint is covered by s348 of the Financial Services and Markets Act (FSMA) 2000 and the FCA's confidentiality policies. As such, this report will not be able to cover much of the underlying material in detail. Whilst it is likely to be frustrating for complainants that I am unable to comment on confidential materials, it is important that my office has access to these in order to be able to fully investigate complaints and hold the regulators to account, where necessary.

Background to complaint

7. Your complaint arose as a result of you losing your investment in Firm X, an unregulated firm, including your capital and any interest that may have been due. It is my understanding that Firm X went into liquidation in April 2022, and it was around this event that it became clear to you that you were most likely the victim of a fraud.
8. In your complaint and the additional information you provided me with, you detail the various companies and accounts involved in the activities of Firm X,

why you believe that Bank X failed to comply with the relevant banking rules and in turn, how this means that the FCA failed to adequately supervise the bank.

My analysis

9. Your allegations in relation to the failures of the FCA to adequately supervise Bank X related to not ensuring that the bank complies with anti-money laundering regulations and CDD/ KYC requirements. You provided information in relation to Firm X's accounts to support your case.
10. The FCA did not uphold your complaint on the basis that *"Whilst [Bank X] has responsibilities under various banking rules, banks are not expected to audit or assess the business model of firms and customers who bank with them in order to ensure that customers do not lose any money in relation to the firm."*
11. However, your complaint was that Bank X was allowed by the FCA to operate in breach of Regulation 8(2) of the MLR 2007, amongst others. It was not that it did not audit or assess the business model of Firm X.
12. I liaised with the FCA on this point and it agreed that it had not reviewed the complaint as described above in paragraph 11. Under the Complaints Scheme to which both the FCA and I are subject to, it is usually preferable for the FCA to do its own investigation first, however, in the circumstances of this case, I have reviewed the substance of your complaint by sourcing information from the FCA on the matter.
13. I made enquiries of the FCA as to how it had handled your allegations about the bank in connection with Firm X and as to whether your allegations were indicative of a pattern regarding the bank's AML systems and controls. The FCA provided me with a good amount of background information in response to the queries I raised with it, for which I am grateful.
14. I have also taken into consideration the supporting documents you have submitted and your comments to my preliminary report, including the case you

referenced in which Bank X was fined by the FCA in relation to AML failures. However, in my view the facts in the latter case are different to your complaint and the additional information ('Evidence Bundle' and 'The Receiving Banks') you have submitted does not provide any evidence about wrongdoing on the part of the FCA. However, I suggest you share both with the FCA for its information, although due to confidentiality reasons the FCA may not be able to tell you what consideration it will give it.

15. Based on the information I have been provided with, the FCA Supervision Team has reviewed your allegations about this particular case, has given them appropriate consideration and has acted reasonably. Again, unfortunately for confidentiality reasons I cannot disclose further details.

The Complaints Commissioner

Complaints Commissioner

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