

November 2009

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here to help you

This guide is part of our **Everyday money** series.



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**No selling.
No jargon.**

**Just the facts
about proving
your identity.**

 **Money made clear**™
No selling. No jargon. Just the facts.

With our **Money made clear**[™] range of guides, we cut out the jargon and give you just the facts about financial products and services, helping you to make an informed decision.

Just the facts about proving your identity.

We try to ensure that the information in this guide, some of which comes from sources outside the FSA, is correct at the time of print. It is possible that some of it is oversimplified, or may become inaccurate over time, for example because of changes in the law. You should check the current position before you take any action.

This is general information to help you make financial decisions. It is not advice, and cannot take account of your individual circumstances. When making decisions about your own circumstances you should consider whether to consult a financial or other professional adviser.

This guide is for you if

You want

to know why you're being asked to prove your identity.

It's about identity checks and:

- explains why firms have to do them;
- sets out how you can prove your identity; and
- answers some of the questions you may have.

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Why prove your identity?

Proving your identity can help fight financial crime such as money laundering. This is why the law says firms in the financial services sector must check the identity of their new customers.

See the *Jargon buster* on page 11 for an explanation of some words you may come across.

Help prevent money laundering

For crime to pay, criminals need to launder their profits (in other words, to make illegally obtained, 'dirty' money look 'clean').

Criminals can use false identities or the identities of innocent people to take out financial products such as bank accounts (see *Protecting your identity* on page 5). They use these to launder money. Using false names makes it difficult to trace money back to them.

But if they use their own names and there is an investigation, identity-check records will help law enforcement.

Help prevent identity theft

Criminals can try to steal your money by pretending to be you. Criminals find out your personal details then take out credit cards and loans in your name, or steal from your bank account or savings.

Make it harder for terrorists to move money anonymously

Terrorists can use the financial system in preparing their attacks. The information gained during identity checks can be helpful in investigations.

Key points

Proving your identity:

- helps prevent money laundering;
- helps prevent identity theft; and
- makes it harder for terrorists to move money anonymously.

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How to prove your identity

If a firm asks you for proof of identity, it doesn't mean they suspect you of being a criminal or a terrorist. The law requires financial services firms to verify the identity of their customers.

Usually, firms will do this when you first become a customer. But it may mean firms also ask you for proof of identity if you are already a customer. This may be because:

- you were a customer before identity checks became law or when the standards for checks were different from those needed today;
- the firm wants to check that the information it has about you is up to date;
- you are applying for a new product or service; or
- the firm wants to protect itself and you from fraud.

Proving your identity

Neither the FSA nor the law sets out in detail how firms should check identity, instead offering firms some flexibility in how they satisfy themselves that you are who you say you are.

Different firms will ask you for different forms of identification. In most cases, firms will follow guidance produced by an independent industry body, the Joint Money Laundering Steering Group (JMLSG) – see *Useful contacts*.

Some firms will check electronic databases such as the electoral roll and those kept by credit reference agencies. But most firms will ask you for official identity documents to verify your name and either your address or your date of birth, usually:

- a government-issued document with a photograph with your full name (such as a valid passport or a valid photocard driving licence); or
- a government-issued document without a photograph with your full name (for example a valid old-style full UK driving licence) plus

a document issued by either the government, a judicial authority (for example a court), a public-sector body or authority, a regulated utility company or a firm regulated by the FSA (such as a bank or insurance company) which states your full name and either your address or your date of birth.

Many customers will be able to provide these documents but if you can't, other documents may be acceptable, such as:

- a letter from a government department or a local authority confirming a right to State benefits such as a pension, Council Tax Benefit or Housing Benefit; or
- a letter from a care home manager or a warden of sheltered accommodation or a refuge, confirming your identity.

If you cannot provide any of these documents, a firm may accept a letter or statement from an appropriate person, such as a social worker who knows you, indicating that you are who you say you are.

Each firm has its own policy on which documents it will accept, and they should explain this to you.

If you have difficulty in proving your identity, the member of staff dealing with your application should pass the matter to someone who is authorised to decide in exceptional cases.

Protecting your identity

Here are some simple steps you can take to keep your personal information safe.

- Store any documents with your personal details in a safe place.
- Shred or destroy personal documents you don't need.
- Limit the number of documents you carry around that contain your personal details, and don't leave them in your car.
- Check your bank and credit-card statements when they arrive for unfamiliar transactions.

How to prove your identity

- Use different passwords and PINs for different accounts, and take extra care when using public computers.
- Avoid using passwords that someone could easily find out, such as your mother's maiden name or family dates of birth.
- Ensure your home computer is protected before you go online by buying a good anti-virus, firewall and anti-spam software package.
- Don't click on links to go to a website unless you can be confident it is genuine.
- If you use a central or communal postal-delivery point, such as in a block of flats, make sure you have a lockable postbox and collect your post as soon as possible. If your mail regularly fails to arrive, report this to Royal Mail – see *Useful contacts*.
- If you move house, redirect all your mail and inform your bank, utility companies and other organisations of your new address.

For more information see the Personal Information Toolkit on the Information Commissioner's Office website – see *Useful contacts*.

Things to look out for

You may become or already be a victim of identity theft if:

- you have lost or had stolen important documents such as your passport or driving licence;
- post expected from your bank has not arrived or you are receiving no post at all;
- items have appeared on your bank or credit-card statements that you do not recognise;
- you applied for a State benefit but are told that you are already claiming;
- you receive bills, invoices or receipts addressed to you for goods or services you haven't asked for;
- you have been refused a financial service, such as a credit card or a loan, despite having a good credit history;

- a mobile-phone contract has been set up in your name without your knowledge; or
- you have received letters from solicitors or debt collectors for debts that aren't yours.

If you think you are a victim

- Contact all three credit reference agencies to get your credit reports, so you can check if there is anything suspicious or incorrect – see *Useful contacts*.
- Contact CIFAS (the UK's Fraud Prevention Service) to apply for protective Registration – see *Useful contacts*.
- Contact the relevant organisation (your provider, bank, building society etc) and, dependent on their advice, contact your local police station.

Key points

- You may be asked to prove your identity whether you're a new or existing customer.
- Ask the financial services firm what else they will accept if you don't have or can't get the evidence of identity they're asking for.
- Proving your identity can protect you and the firm from financial crime.
- Protecting your personal information can help stop you becoming a victim of identity theft.

Your questions answered

Question

What if I don't have the documents the firm asks for?

Answer

Nobody wants to stop people using the financial system for legal purposes but, if you can't prove your identity, a firm has to refuse to accept you as a customer. Firms usually have several options you can use to prove your identity, for example if you are an international student, migrant worker, refugee, asylum seeker, prisoner or on probation. Discuss with the firm what documents you can produce.

If you are not satisfied with any of the options offered, you should ask for your case to be referred to a person at the firm who is authorised to deal with exceptional cases.

Question

How do criminals use the financial system?

Answer

Criminals who make money from drug-dealing, smuggling (people, tobacco, alcohol etc), robbery, gun crime, tax evasion, fraud and other crime try to use the financial system to hide where it came from. By putting it into apparently normal accounts they make it harder to trace where it came from and confiscate. The government, regulators and financial firms have a duty to stop this happening.

Question

How can I help prevent financial crime?

Answer

- Try to provide the documents the firm asks for.
- Look after your personal information and keep it safe.
- Report any suspicious transactions on your account to your bank or building society as soon as you can.

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Next steps

Step 1

Find out which documents a bank (or any other firm providing financial services) will need to accept you as a customer.

Step 2

Once you have shown the relevant identity documents to the bank, make sure you store them in a safe place, as identity theft is becoming more frequent. See the Home Office website for tips on how to protect yourself – see *Useful contacts*.

Step 3

Reduce the chance of having your identity stolen when disposing of documents such as credit-card receipts or bank statements, for example by using a shredder. And don't give your passwords or PINs to anyone.

Step 4

Report anything suspicious as soon as you can to your bank, building society or whichever financial services firm you are dealing with.

Jargon buster

Some key words and phrases explained.

Identity theft

This is when somebody steals your name and other personal information. The information can be used to get credit, goods and services in your name, or to provide thieves with false credentials so they can hide their own criminal identities.

Money laundering

This is how criminals attempt to conceal the true origin and ownership of the profits resulting from their illegal activities. If they succeed, they can hide the criminal source of the money and make it appear legitimate.

PIN

Personal identification number – a personal number for use with a debit or credit card, which you should keep private.

Terrorist financing

Use of the financial system to fund terrorist activities, terrorist equipment and networks, and terrorist ideology.

Useful contacts

Financial Services Authority (FSA)

To order other Money made clear™ guides, check our Register, report misleading financial adverts or other promotions, or for general information or guidance

Helpline: 0300 500 5000

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(Calls should cost no more than 01 or 02 UK-wide calls, and are included in inclusive mobile and landline minutes.)

Other Money made clear™ guides

- About the Financial Services Authority
- Basic bank accounts
- Making a complaint
- Mortgages
- Pensions
- Saving and investing
- Your bank account

On our Money made clear™ website you can find

- a Budget calculator to help you work out how much money you have available each month;
- Comparison tables to help you compare savings accounts and ISAs; and
- information on bank accounts, savings and investments.

Call rates may vary – check with your telephone provider for their charges.

To find out what firms may accept as proof of identity

The British Bankers' Association (BBA)

www.bba.org.uk

Guides:

- Proving your identity
- International students: opening a UK bank account

The Joint Money Laundering Steering Group

www.jmlsg.org.uk

Gives firms guidance on what they may accept as proof of identity. Part I, Chapter 5 and Part II, Sector 1 are particularly relevant to the information in this guide.

Protect yourself from identity theft

Home Office Identity Fraud Steering Committee

www.identitytheft.org.uk

Guide:

- Identity theft: Don't become a victim

Metropolitan Police Fraud Alert

www.met.police.uk/fraudalert

Information Commissioner's Office

www.ico.gov.uk

Personal information toolkit

Bank Safe Online

www.banksafeonline.org.uk

CardWatch

www.cardwatch.org.uk

CIFAS – The UK's Fraud Prevention Service

www.cifas.org.uk

Email:

protective.registration@cifas.org.uk

To get your credit report

Callcredit Check

www.callcreditcheck.co.uk

Equifax

www.equifax.co.uk

Experian

0844 481 8000

www.experian.co.uk

Reporting the theft or loss of post and documents

Driver and Vehicle Licensing Agency

0870 240 0009

www.dvla.gov.uk

Royal Mail

08457 740 740

www.royalmail.com

Identity and Passport Service

0300 222 0000

www.ips.gov.uk

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