



FSA[®]

Financial Services
Authority

FSA Factsheet

Checking your identity

– the fight against money laundering, financial crime and terrorism

This factsheet is for you if:

- you are, or would like to be, a customer of a bank, building society, financial adviser or any other firm that has to meet our anti-money laundering standards.

It explains:

- why you have been asked to prove your identity; and
- what you can do if you are having difficulty proving your identity.

Having your identity checked helps to:

- prevent and detect crime, including terrorism; and
- protect you from identity theft.



This impartial information is from the Financial Services Authority (FSA), the UK's financial watchdog.

How does proving my identity help fight crime?

Criminals often try to hide their identities, so identity checks are an important way of fighting money laundering, terrorism and other criminal activities. This is why the law says financial firms must identify their new customers.

Checking identity:

■ Helps prevent money laundering

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

Criminals use false identities or the identities of innocent people to take out financial products, such as bank accounts. 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.

■ Makes it harder for terrorists to move money anonymously

Terrorists use the financial system as part of preparing their attacks, and identity-check records have been very helpful in terrorist investigations.

■ Helps prevent identity theft

Criminals try to steal your money by pretending to be you.

Criminals find out your personal details then take out credit cards and loans, or steal from your bank account or savings.

What is money laundering?

Criminals who make money from drug-dealing, smuggling (people, tobacco, alcohol etc), robbery, gun crime, tax evasion, fraud or other crime need to find ways to make it seem clean. One way is to place the money with financial services firms in a way that hides where it really comes from. Criminals can then move the money around to conceal where it came from even further.

Where a criminal succeeds in making stolen money look clean this is known as money laundering.

What can I do about identity theft?

Criminals commit identity theft by stealing your personal information. They may take documents from your rubbish bins or contact you pretending to be from a legitimate organisation.

Identity theft is becoming more frequent. To reduce the chance of having your identity stolen, keep safe:

- your personal details;
- your plastic cards;
- documents containing your personal details – avoid handing over or posting documents like passports and driving licences, for example, and dispose carefully of documents like credit card receipts or bank statements.

And don't give your passwords and PIN numbers to anyone.

For further information on protecting yourself and what to do if you have your identity stolen see *Useful information* on page 5.

When do firms check identity?

If a firm asks you for proof of identity, it doesn't mean that they suspect you of being a criminal.

Financial services firms are required by law to identify **new** customers. To comply with general money laundering legal requirements they may also need to make sure they have enough information to confirm the identity of **existing** customers. If you are an existing customer, possible reasons for a firm asking you to confirm your identity are:

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

How do firms check identity?

The FSA doesn't set rules on how firms should check identity. In most cases firms will follow guidance produced by an independent industry body, the Joint Money Laundering Steering Group. Some firms will check databases such as the electoral roll and those kept by credit reference agencies. But most will ask you for documents. The guidance for firms sets out three options:

1. A passport or photo-card driving licence; or combinations of certain official documents such as an old-style full UK driving licence plus a council-tax demand letter or statement.

2. If you don't have these documents, a firm may be willing to accept certain documents relating to your particular circumstances, such as:

- A letter from a government department or a local authority confirming a right to State benefits – for example pension, child benefit, income support, council tax benefit or housing benefit.
- A suitable confirmation of identity from a young person's workplace or educational institution.
- A letter confirming a person's identity from a care-home manager or warden of sheltered accommodation or a refuge.

A fuller list of documents that may be acceptable is included in the *Joint Money Laundering Steering Group Guidance* – see *Useful information* on page 5. This sets out specific options for people such as international students, migrant workers, refugees, asylum seekers, prisoners and those on probation.

3. If you don't have any of the documents required, a firm may be willing to accept a letter addressed to it confirming your identity from an 'appropriate person' who knows you, like a social worker, doctor or teacher.

Each firm has its own policy on exactly which documents it is prepared to accept and should explain this to you.

For further details see *Useful information* on page 5.

What if I don't have any evidence of identity the firm asks for?

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 have a number of options for you to use to prove your identity. Discuss with the firm what documents you can produce.

If you are trying to open a current account, you may want to see whether a basic bank account would meet your needs – the documents required may be different. For information about basic bank accounts see the FSA leaflet *Basic bank accounts – your questions answered*. See *Useful information* on page 5 for how to order a copy.

If you have difficulties proving your identity, the member of staff dealing with your application can usually refer the matter to someone who is authorised to decide in exceptional cases. If you are not satisfied with any of the options offered, you may ask about the firm's complaints procedures.

Useful information

0845 numbers will be charged at the local rate based on current charges from BT landlines. Charges for calls from mobile phones and other networks may vary.

FSA leaflet:

- *Basic bank accounts – your questions answered*

Available from the FSA Consumer Helpline on 0845 606 1234 or Minicom/Textphone on 08457 300 104.

The Joint Money Laundering Steering Group Guidance gives firms guidance on what they may accept as proof of identity. Part I, pages 59-67 and Part II, pages 10 and 12-14, are particularly relevant to the information in this factsheet.

www.jmlsg.org.uk

The British Bankers' Association

The British Bankers' Association publishes the following leaflets about identification requirements:

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

www.bba.org.uk

Identity Theft

For more information about identity theft, and for a free copy of a useful booklet called *Identity theft: Don't become a victim* – visit:

www.identitytheft.org.uk

The FSA's consumer publications aim to give you general information to help you make financial decisions. The information does not constitute financial or other professional advice; for advice about your own circumstances, you should consult a professional adviser.

The Financial Services Authority (FSA) is the UK's financial watchdog set up by government to regulate financial services and protect your rights.

We produce a range of user-friendly factsheets and booklets which are available from our website and helpline.

If, after reading this factsheet, you have any general queries, our helpline will try to clarify things for you.

We can tell you if a firm is authorised and help you if you have a complaint and don't know who to contact. But as the regulator, we can't recommend firms or advisers, or tell you whether a particular product or investment is right for you.

If you would like this guide in Braille, large print or audio format, please call our Consumer Helpline on 0845 606 1234 or Minicom/Textphone 08457 300 104 (call rates may vary).

To help us maintain and improve our service, we may record or monitor calls.

Our website, www.fsa.gov.uk/consumer, aims to help you understand financial services and get a fair deal.

Use the site to:

- shop around with our comparative tables – including mortgages, pensions and ISAs;
- check a firm is authorised by the FSA, or is the agent of an authorised firm. If they are not authorised you will not have access to complaints procedures and compensation schemes if things go wrong;
- order any of our wide range of consumer publications;
- report any misleading financial advertising;
- see explanations of financial products in plain English;
- read recent alerts that we have issued.