

July 2007

Our **MONEY**madeclear guides –
here to help you

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



Available from our Consumer Helpline or website
www.moneymadeclear.fsa.gov.uk

No selling. No jargon. Just the facts.

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 on 08457 300 104 (call rates may vary).

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



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**No selling.
No jargon.**

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

MONEYmadeclear
from the UK's financial watchdog (FSA)

With our **MONEY**madeclear 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.



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

Remember, this is general information and isn't the same as getting financial or other professional advice. For advice based on your own circumstances, talk to a 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 to fight financial crime such as money laundering. This is why the law says financial services firms must check the identity of their new customers.

See the *Jargon buster* on page 9 for an explanation of some words you may come across.

Key points

Proving your identity:

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

Proving your identity:

- **helps 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.

- **helps prevent money laundering**

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

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

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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. The law requires financial services firms to identify their new customers.

This 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; or
- the firm wants to protect itself and you from fraud.

Proving your identity

Neither the FSA nor the law sets out how firms should check identity. 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 documents. Where your identity is verified from documents, the JMLSG Guidance sets out the following options:

- a government-issued document with a photograph (such as a valid passport or a valid photocard driving licence);

or

- a government-issued document without a photograph (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.

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

- 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.

A fuller list of documents that may be acceptable is included in Part II, Sector 1 of the JMLSG Guidance – see *Useful contacts*.

If you cannot meet any of these requirements, 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.

However, 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 can usually pass the matter to someone who is authorised to decide in exceptional cases.

How to prove your identity

Protecting your identity

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

- Store in a safe place any documents with your personal details.
- 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 regularly for unfamiliar transactions.
- Use different passwords and PINs for different accounts and take extra care when using public computers.
- 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.
- 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*.

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.

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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. Discuss with the firm what documents you can produce.

If you are not satisfied with any of the options offered, you can ask about the firm's complaint procedures.

Question

I'm having trouble proving my identity to open a current account – what can I do?

Answer

You may want to see whether a basic bank account would meet your needs. For information about basic bank accounts see our **Basic bank accounts** guide – see *Useful contacts*.

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 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.

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.

Next steps

Step 1

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

Step 2

Once you have shown the relevant identity documents to the bank, make sure you store them in a safe place – 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 by disposing carefully of documents like credit card receipts or bank statements – for example, by using a shredder. And don't give your passwords or PIN numbers to anyone.

Step 4

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

Jargon buster

Some key words and phrases explained.

Identity theft

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

How criminals attempt to conceal the true origin and ownership of the gains resulting from their 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

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

To order other Moneymadeclear guides, check our Register or for general information or guidance

Financial Services Authority (FSA)

Consumer Helpline: 0845 606 1234
 Minicom/Textphone: 08457 300 104
www.moneymadeclear.fsa.gov.uk

Other Moneymadeclear guides

- **About the Financial Services Authority**
- **Basic bank accounts**
- **Making a complaint**

Online tools

On the Moneymadeclear website you can find:

- A **budget calculator** to help you work out how much money you have available each month.
www.moneymadeclear.fsa.gov.uk/tools/budget_calculator.html
- **Compare products** tables to help you compare savings accounts, including ISAs.
www.moneymadeclear.fsa.gov.uk
- information on bank accounts, savings and investments.
www.moneymadeclear.fsa.gov.uk

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 1, 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