

## **The complaint**

A limited company, which I'll refer to as 'X', is unhappy that Barclays Bank Plc, trading as Barclaycard, closed its account without notification.

## **What happened**

X held a business credit account with Barclays. In October 2020, X noticed that it could no longer access its account online and so contacted Barclays, whereupon it was informed that the account had been closed because X hadn't responded to a request for Know Your Customer ("KYC") information sent to X by Barclays at the beginning of 2021. X wasn't happy about this, so it raised a complaint.

Barclays looked at X's complaint. It confirmed that the account had been closed in March 2020, but it acknowledged that X had been inconvenienced by not being able to access the account information online when completing a tax return, and by the time spent having to chase the matter with Barclays. Because of this, Barclays apologised to X and made a payment of £200 compensation to it. But Barclays also confirmed that they would be unable to reopen the credit account as X would like.

X wasn't satisfied with Barclays response, so it referred its complaint to this service. One of our investigators looked at this complaint. They noted that Barclays hadn't been able to provide confirmation of when it had sent the KYC information request letters to X as would generally be expected, and they felt that the compensation that Barclays had paid to X didn't take sufficient account of the inconvenience that X had in all likelihood incurred. So, they recommended that this complaint be upheld in X's favour, and that Barclays should pay a further £250 compensation to X.

Neither X or Barclays agreed with the recommendation made by our investigator, and so the matter was escalated to an ombudsman for a final decision.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I'd like to begin by confirming the remit of this service. Specifically, while this service takes account of relevant laws and regulations, this service isn't a regulatory body or a Court of Law. As such, it isn't within the remit of this service to instruct a business to make changes to its operating procedures or to declare that a point of law has or hasn't been broken. Instead, the remit of this service is based on fairness of outcome.

In this instance, Barclays confirm that it closed X's account because X didn't respond to KYC information requests that were sent to X in the post by Barclays in the first few months of 2020. But X maintains that it didn't receive those information requests and feels that Barclays closed its account without any notification of its intent to do so.

Barclays haven't been able to provide any evidence which confirms that it did send the KYC

information requests to X that it claims it did, either in the form of copies of the letters addressed to X or in the form of system notes that record the sending of the letters. Barclays have advised that this is because these KYC letters are automatically generated by its systems and because at the time in question it was experiencing a high volume of similar requests being generated which meant as a consequence that copies of the letters or confirmatory system notes weren't produced or retained.

On the other hand, X maintains that no such KYC information requests were ever received by it, and it's difficult to dispute X's position here, given the absence of records held by Barclays in this regard, as described above.

What is clear is that a process began within Barclays that culminated with X's account being closed in March 2020 because of the non-receipt of requested information from X. I don't feel that it's likely that this process would have started spontaneously or mistakenly. But while I feel that it is more likely than not that Barclays did send the KYC request letters to X as it maintains, I also remain open to the possibility that this might not have been the case.

Additionally, I've also reviewed the monthly account statements sent by Barclays to X, and I note that there appears to be nothing on the statements sent following the closure of the account in March 2020 that would give X any indication that its account had been closed. Indeed, I note that following the account closure, the monthly account statements continued to list an amount of credit as being available to X to spend.

So, it seems clear to me that how Barclays have communicated with X here has fallen below the standard which X should reasonably expect to receive. And this is especially the case given that Barclays own system notes state that it tried to contact X about the KYC request by letter, email, and by telephone, but that Barclays have since confirmed that that particular note is also system generated and that they in fact only ever attempted to contact X by letter.

Given that I feel that it is more likely than not, on balance, that Barclays did send the KYC request letters to X, but that Barclays have failed to accurately record the sending of these letters, it follows that I won't be instructing Barclays to reopen X's credit account as X may want.

I also note that the impact to X of what's happened here appears not to have been significant. In arriving at this conclusion I've considered X's infrequent use of the account, the relatively low account balance, and the fact that X didn't become aware that the account had been closed until approximately six months after the account closure. I've also considered X's own testimony to Barclays and this service on this matter.

That being said, I do acknowledge that X has been inconvenienced here, and I don't feel that the £200 that Barclays have already paid X does provide fair and reasonable compensation for that inconvenience including for the poor standard of service that X has received from Barclays. And this is especially the case given that the complaint response letter issued by Barclays to X confirms that only £100 of that £200 compensation amount was for the service issues that X experienced, with the other £100 being to cover X's time spent chasing Barclays to resolve the complaint.

In their view of this complaint, our investigator felt that the payment of an additional £250 compensation by Barclays to X would provide a more reasonable amount of compensation to X for what has happened here. And having taken all the circumstances of this complaint into consideration, I also feel that the payment of this further £250 compensation would provide a fair resolution to what has happened.

Had Barclays been able to provide definite confirmation of when the KYC letters were sent to

X, then I would almost certainly feel differently here. But on the basis of the information I have available to me, while I feel that it's more likely than not that Barclays did send such letters to X, the possibility also remains that not all the letters were sent as should have been the case, and I'm also mindful that Barclays don't appear to have communicated the fact that the account was closed to X following the account closure.

I'm aware that X feel that a far greater amount of compensation should be awarded here. But I don't share X's position, and I note that some aspects of X's position on this matter refer to points of law, which as explained earlier, it isn't within the remit of this service to make a decision on.

I also note that X has also referenced further points of complaint beyond the closing of the account by Barclays. However, given that this service can only consider complaint points that a business has themselves already had the opportunity to consider and respond to, I'm unable to consider these further complaint points at this time. If X continues to want to raise these further complaint points, I can only refer X back to Barclays, so that X can raise those further points of complaint with Barclays, so that Barclays can have the opportunity to consider and respond to them.

X has also stated that it feels that given that Barclays have closed the account, that the outstanding balance that remains on the account should be written off by Barclays. But any outstanding balance on the account would stem from account usage by X or by the legitimate accrual of interest on the account, and in such circumstances it will almost always be the case that this service will consider it fair that the account holder should remain liable to repay that balance. And I can confirm that I feel that that's the case in this instance.

Finally, I do note that X has stated that it's unhappy that Barclays charged a £32 annual account fee in March 2020, which was the month that it closed the account. I can appreciate X's position here, and I can confirm that I've taken it into consideration when arriving at the further £250 compensation amount that I'll be instructing Barclays to pay.

All of which means that my final decision here is that I do uphold this complaint in X's favour on the basis outlined above and that my instruction to Barclays will be that it must make a further payment of £250 compensation to X, which I feel provides a fair resolution to what has taken place here.

I realise that this outcome may not be to the liking of either X or Barclays, but I hope that both parties will understand, given what I've explained, why I've made the final decision that I have.

### **Putting things right**

Barclays must make an additional payment of £250 to X.

### **My final decision**

My final decision is that I uphold this complaint against Barclays Bank Plc, trading as Barclaycard, on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 18 July 2022.

Paul Cooper  
**Ombudsman**