

The complaint

The trustees of a trust, which I'll refer to as M, complain about Barclays Bank UK PLC closing M's account without notice and about the time taken to sort things out.

What happened

The circumstances of this complaint are familiar to both parties, so I won't repeat them all here. In summary:

- In 2021, Barclays conducted a review of accounts of deceased customers. In early June, it closed four accounts held under the personal record of an individual who had died in 2003. Barclays identified that these accounts should have been closed at the time and the funds transferred to two trusts: M and another trust, which I shall call L. However, the accounts had erroneously remained open and continued to be operational. The trustees of M and L had operated the accounts in the understanding that they were accounts of the trusts. At the time of closing the accounts, Barclays was unable to notify anyone as the address and contact details on record related to the individual.
- The trustees of M and L became aware of Barclays' actions in August 2021 when a VAT cheque was returned unpaid.
- When Barclays looked into things, it also found that accounts for M and L were both under the entity record of L, rather than under two separate trust entities. This also needed rectifying.
- The process to rectify matters took several months, requiring the trustees to supply various documents, for example a death certificate and grant of probate form. By October, the trustees had provided all the required documents.
- Through this period, Barclays put measures in place to enable the trusts to continue to operate, including providing a temporary overdraft facility. By these measures, both M and L were able to continue to make payments.
- By the end of November 2021, Barclays had established the new accounts and recovered the funds, rectifying its previous errors.

The trustees of M and L complained to Barclays. They said it had taken them and their professional advisers many hours to resolve things, which warranted compensation. They said that, not only had they needed to source and provide documentation required by Barclays, they had also needed to engage with creditors and find alternative means by which to make some payments.

Barclays upheld the complaint and offered the trustees £600 (relating to both M and L) as compensation for the inconvenience caused.

Not content with this offer, the trustees brought their complaint to our service.

We identified that there were two complainants (the trustees of M and L respectively), so set up two separate complaints.

This decision relates to the complaint brought by the trustees of M. Barclays has offered £300 to resolve this complaint. A separate decision has been issued relating to the complaint brought by the trustees of L.

Our investigator gathered information from both the trustees of M and Barclays. He noted that matters had now been resolved but said that, in his view, Barclays should increase its compensation to M by £150 to £450.

The trustees of M didn't agree. They said it had taken them and their accountants, land agent and solicitors a substantial amount of time and effort to resolve matters, including arranging alternative payment methods to their creditors. They said the cost of this time significantly exceeded the £300 offered by Barclays. They also pointed to the reputational harm to M in its relationships with suppliers and HMRC, and the inconvenience and embarrassment caused to M's beneficiaries from not receiving their funds to make payments.

As the matter could not be resolved, it was passed to me to decide.

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.

It's not in dispute that Barclays made mistakes in not identifying earlier that accounts which should have belonged to M and L had continued for many years to be under the entity record of a deceased individual, and that M's other accounts were erroneously under L. Barclays has apologised for this. Barclays has rectified its mistakes by establishing the accounts under the right entities and recovering all funds.

I have seen no evidence to indicate that these errors caused M any financial loss. However, the trustees of M were inconvenienced as they had to source and provide documents to Barclays and make suitable arrangements with M's creditors.

The trustees have also pointed to the reputational impact on M's relationships with its suppliers and HMRC, and on M's beneficiaries with their payees, but I have seen no evidence of financial loss arising in these relationships.

Therefore, the subject of this dispute, and the matter for me to decide, is the extent of inconvenience caused to the trustees of M, and the appropriate compensation Barclays should pay.

The trustees of M said that, to resolve matters for both M and L, they had spent 10 to 15 hours of their own time and incurred substantial fees from the trusts' professional advisers. The trustees provided an estimate of their time cost based on an hourly rate. They also provided invoices from their land agent totalling over £2,500. The trustees said further costs had been incurred by the trusts' solicitors and accountants, though these weren't quantified.

In determining a fair amount of compensation payable by Barclays to M, I have noted:

- Much of the effort required by the trustees to address Barclays' requests would have been required at some point in time. The entity record of the deceased individual

would have had to have been closed at some point and the accounts under that record reassigned, and subsequent changes in the circumstances of trustees or enhancements to Barclays' regulatory checks would have required further action. Therefore, although Barclays should have identified the situation earlier, it is likely that, had it done so, it would simply have required the same documentation earlier. With no mistakes, M might not have had a payment returned or had to make alternative arrangements for some payments, but it is likely that the documentary burden on the trustees of M would have been similar. For this reason, while I do not doubt the burden on the trustees of M to resolve matters, I believe Barclays' mistakes principally affected the timing of that burden rather than the extent of it.

- Although it took several months for the problems to be fully rectified, this process does not appear to have been unduly delayed. Having identified the problem, Barclays made clear to the trustees of M what it needed and, when these documents were provided in October, it conducted the necessary checks and processed the changes within around six weeks. This seems reasonable. I also note from Barclays' records that M's relationship manager remained closely involved throughout the process.
- The trustees of M chose to appoint professional advisers to support them in providing the necessary documentation to Barclays, and to address issues with payments. However, this was their choice. Moreover, as I believe this work would have been needed at some point in time, as explained above, I believe that it was principally the timing of this cost which was in consequence to Barclays' mistakes rather than the extent of it.
- While I acknowledge the professional qualifications and experience of M's trustees, this service does not typically award compensation for inconvenience based on a complainant's or representative's hourly rate. Rather, we look at the overall impact that the mistake had.

In these circumstances, I do not believe that the amount of compensation sought by the trustees of M would be fair or reasonable.

Barclays has already offered to pay M £300 to compensate for the inconvenience caused to the trustees of M. This is a little lower than I would typically award in such circumstances. I believe this should be increased to £450, which is reasonable in the circumstances.

I acknowledge that the trustees of M will be disappointed with this decision given the time, effort and cost which has been required of them and their advisers to address matters. However, in the circumstances of this complaint and for the reasons set out, I believe this compensation is fair.

My final decision

I require Barclays Bank UK PLC to pay M £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask the trustees of M to accept or reject my decision before 6 March 2023.

Andy Wright
Ombudsman