

The complaint

A company which I'll call K complains that Barclays Bank Plc treated them unfairly when the bank wouldn't accept a virtual trading address.

The complaint is brought on K's behalf by their director, Mr K.

What happened

K had a business account with Barclays. In March 2022, K updated their business trading address to a virtual office trading address.

K told us:

- Barclays said they couldn't accept this type of address in line with its 'Know Your Customer' ('KYC') regulations but didn't provide any evidence of this.
- The bank also said if they couldn't provide an address that was acceptable, it would close the company's account.
- They weren't happy that Barclays hadn't provided a copy of the terms and conditions which say that a virtual office couldn't be used in its complaint response.
- Barclays had upheld their complaint about being charged a fee twice and poor customer service when they'd closed their account. The bank had paid £25 compensation for this, but it hadn't awarded compensation for the inconvenience they'd been caused regarding the trading address.

Barclays told us:

- It asked K to provide address verification as part of its KYC checks so it could comply with its regulatory obligations.
- The letter saying that K's account would be closed if the information wasn't received was firm as it needed to convey the importance to K of this information.
- It had explained to K that a virtual address was acceptable as a registered address, but a trading address needed to be where the company was trading from i.e. Mr K's home address. So, it had correctly rejected K's virtual trading address in line with its KYC process.
- It had only upheld K's complaint about the duplicate fee and poor customer service. As it didn't think it had made an error regarding the trading address, it hadn't offered compensation for this part of the complaint.

Our investigator recommended the complaint be upheld in part. She thought Barclays had acted in line with its processes which were in place to ensure it could meet its regulatory obligations. She said that the bank had given K a list of documents it could accept as address verification, but the virtual address hadn't met any of these. However, she thought Barclays could have been clearer with its requirement for trading addresses before K had completed the forms it requested.

Barclays accepted the investigator's recommendation, but K didn't. They said they had provided a trading address, but the bank wouldn't accept it, and hadn't provided a copy of the terms which said why this was the case. K said that Barclays hadn't explained where in the Anti-Money Laundering regulations it said virtual addresses couldn't be used and that an additional £50 wasn't sufficient for the inconvenience they had been caused. As an agreement couldn't be reached, the case has been 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.

Having done so, I've decided to uphold it in part. I'll explain why.

K says that Barclays has treated it unfairly as it wouldn't accept a virtual office address as a trading address. They say the bank hasn't provided any evidence that this was part of its terms and required as part of its regulatory obligations. I recognise that K has found Barclays' request frustrating, but I don't think the bank has behaved unreasonably.

I say this because, Barclays has a regulatory obligation to ensure that it has sufficient knowledge of its customers, often this can be seen through KYC documentation. In this case, Barclays asked K to provide documentation about their trading address, but the bank said the documents the company provided weren't acceptable and explained that there would be consequences for K if the information it required couldn't be provided. I think this was reasonable.

K says that it did provide the trading address documents that Barclays requested, so the bank could verify the information they had provided. But I'm not persuaded that's the issue here. Looking at the evidence from both parties, I can see that Barclays said it could accept the virtual address K had provided, but only for the registered address i.e. the one which correspondence was sent to. Therefore I think it's likely the documents K provided would have been sufficient for this address type. However, Barclays said that it couldn't accept a virtual address as a trading address, as this address needed to be where the business actually traded from – and it wasn't satisfied that was the case for K. I have noted K's comments about their type of business, but I think the bank's decision here was reasonable.

K is also unhappy that Barclays hasn't provided a copy of its terms and conditions or said where in the regulations it says that virtual addresses can't be used as a trading address. However, Barclays isn't obligated to provide this information to customers if it doesn't wish to, often there are internal policies which a bank will rely on that can't be shared due to their confidential nature. However, I'd like to reassure K that I have seen a copy of Barclays internal policy which say that it doesn't accept virtual addresses for trading addresses, so I'm satisfied that it has acted in line with the terms. It's also worth noting that Barclays has discretion on how it complies with its regulatory obligations, it doesn't have to explain why or how it has interpreted those obligations. I would only interfere with Barclays' interpretation of its obligations if I thought it had behaved unfairly or unreasonably – and I don't think it has done so here.

I recognise that K says that their complaint hasn't been resolved fully without this information and that it was caused inconvenience by Barclays' decision not to accept a virtual address. However, as I think that it was reasonable for the bank to decline the address K had used, it follows that I don't think further compensation is warranted for this. But I do think that Barclays could have been clearer initially about the address documents it required, as it wasn't the documents K had provided that weren't sufficient, but address type itself. I think this caused K inconvenience from having to clarify what the bank required, so I'm

recommending that Barclays pay a further £50 compensation on top of the £25 already paid to put things right.

My final decision

My final decision is that I uphold this complaint in part. I instruct Barclays Bank UK Plc to pay K a further £50 compensation, bringing the total payable to £75, for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 28 March 2023.

Jenny Lomax
Ombudsman