

The complaint

A, a sole trading business, complains that Barclays Bank UK PLC wrongly closed its bank account causing financial loss.

What happened

A says it found out that the account was closed in August 2022 and that it hadn't had any notice of this or received requests for it to complete know your customer (KYC) information for Barclays. A says it had to make other arrangements and this caused business disruption.

Barclays in its final response said that it had the correspondence address for A as a branch. It couldn't explain why and accepted this was an error. And so, the letters about KYC requirements went to the branch. This meant A was unable to provide the information and was why the account was closed. It told A that as the account was closed due to an error it could be reopened. But it said it would need to receive the update of A's details to do so and sent it a form. It accepted that A hadn't been provided with the level of service it expected from colleagues. Barclays offered to pay A £200.

In its response to this service Barclays further said that letters about the requirement dated 29 April 2021 and 5 June 2021 were uploaded to A's online banking too so there was an opportunity to see these. It said that a reminder and notice to close the account were sent by a third party on its behalf and so it didn't have a copy of these loaded to its customer correspondence file. Barclays said that it acknowledged that A would "*possibly not have received this final letter*" that had been sent in October 2021 with the notice of closure. But that the initial letters referred to the possibility of the account being closed if the requirements weren't complied with.

Our investigator didn't recommend that Barclays do more than it had offered to. She said that Barclays had offered to reopen the account and to pay compensation. A hadn't supported its claim for compensation of £5,000.

My provisional decision

I issued a provisional decision on 13 January 2023 saying that I intended to uphold the complaint in part. I set out below what I then said.

A clearly asked for and expected to receive notifications from Barclays via post. I was unclear why if these had been sent to a branch they weren't forwarded on to A. Or why no other attempts were made by that branch to deal with this. I hadn't then seen direct evidence that these letters were available on online banking and A didn't see them. I was unclear whether the actual notice of closure was uploaded to online banking as I'd only seen a template. I noted there was said to be a backlog of nearly eight months in dealing with closing accounts such as A's that weren't KYC compliant. And I wasn't aware of the process during that time. I didn't find it *most likely* that A reasonably knew its account was going to be closed. That's because I wasn't satisfied it had received the required notice under the terms and conditions of the account.

A is a trading business and would clearly be inconvenienced by the account closing. I understood it was able to access the funds in the account the day after it raised this. And the owner clearly had his own account to receive these funds. I'd expect A to take mitigating actions and I'd not seen evidence that however inconvenient it couldn't trade or make arrangements say to pay essential creditors.

Those mitigating actions also here included it applying for another account. I could understand why it didn't think Barclays' offer after nine working days to re-open the account and if A completed its paperwork was an acceptable one. Every day without an account would be inconvenient. The owner of A has also referred to the time he spent dealing with this and there is reference to his view that customer service had been poor in the final response from Barclays.

I wasn't persuaded on the evidence that there was an unavoidable financial loss. I said I was going to deal though with the inconvenience to A and the distress to the owner. I'd taken into account our published guidelines. We don't tend to award compensation for units of time or at professional rates. But I provisionally found that the inconvenience and distress involved including the need to take mitigating actions and open another account means that a total payment of £500 is appropriate. I appreciated that this is less than A wants.

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.

A said it didn't accept my decision. I've listened to a call he had with a member of staff at this service during which he was given the extra time to respond he'd asked for. And he's sent a letter following that.

During the call he made a number of points which I'll summarise. He said that he didn't understand what the upholding of his complaint 'in part' meant. He said that some eighty percent of the provisional decision was incorrect. He felt like he was wasting his time and that it might be better to pursue a legal route. He said that he was the only person here who was out of pocket and that this had destroyed his business and no part of this was his fault. Much of the evidence about what happened is with Barclays and we should have asked it about his phone calls. He wasn't offered a replacement account immediately and this only came after three weeks.

He explained he needed to buy materials on a daily basis and all the money was in A's account. He discussed that the impact including loss of earnings, anxiety and stress would be over £5,000. He was asked several times by the person he spoke to at this service about supporting evidence and was told it would be helpful to send as much as he could in his response. He said that he hadn't sent any yet and couldn't understand why our investigator had told him she had what she needed. He explained that his loss would be difficult to prove, and he didn't want to approach a customer and disclose his account had been closed as this wouldn't reflect well on him. There was some discussion about whether he could provide evidence of previous weeks of trading.

He went on to say that what this had done to him mentally was more of a worry as had been the impact of trying to rectify things. This was beyond money. He was unable to understand how he could be penalised if it wasn't his fault. And that this was a miscarriage of justice. He wanted the loss for A to be put right before he even started to discuss compensation. He wanted common sense to be applied and to know where the figures had come from. The amounts of £200 and even £500 of compensation wouldn't go far today. He asked how he could prove things and said that he'd lost his day rate whatever that was for two weeks, but it

was a case of how long a piece of string is. He said it would be easier to show if he'd been employed and not self-employed. He didn't want a 'blanket' view taken and said that the case of A should be looked at individually and wasn't straightforward but that physical evidence was 'not that easy'. There was a discussion about what he might do if he didn't accept the decision for A and about potential legal action.

In his letter he says he went to a branch on Saturday 20 August 2022 to activate a card. There was a problem and he discovered A's account had been removed. A number of calls were made, and he finally found that this was due to the KYC exercise. He was told to go to a branch on 22 August 2022 which he did and made calls from there for some four hours. He was told he could apply for a new account but then that applications weren't being taken. It wasn't until three weeks later he was told he could open an account for A with Barclays. He wanted the money from A's account transferred to him and was told this would be sent by cheque. The next day he found that other banks would take some two weeks for a new account and needed information from Barclays. He missed time working. He found that A's money had been transferred to his personal account on 23 August 2022.

The owner didn't think we'd understood the stress and anxiety this caused him. He hadn't received letters and Barclays had made a mistake. He wanted to be compensated for all the elements of what happened. This had a huge impact for a sole trader. If we make our assessment on what Barclays said he totally disagreed.

Barclays provided more information. It showed that the letters of April and June 2021 had been uploaded online for A to view too. And that there would have been a 'banner' online saying that there was a requirement for information and that if this wasn't provided the account could be restricted or closed. It showed that A had logged in at relevant times when the letters would be available and hadn't taken any action.

I'm going to deal with Barclays comments first. I accept that there may have been an opportunity for A to see these letters online. But not as I said in my provisional decision that it had most likely received the notice of closure. There were also potential opportunities for Barclays to tell A that the account was going to be closed in the period following October 2021. I remain of the view that A didn't know that its account was going to be closed as it hadn't been notified in line with the terms and conditions.

I'll now address A's points. And to clarify what I meant when I said that I was upholding this complaint 'in part'. I'd set out that Barclays had made a mistake. But I meant that I wouldn't be making an award of compensation for the financial loss A had requested and so upholding that part of A's complaint.

A has said that there were factual mistakes in the provisional decision. The section above headed 'What happened' includes a summary of what Barclays and our investigator said which I know A doesn't agree with. And then I've gone on to set out what I said in my provisional decision.

I don't have reason to doubt what A said about the experience of the owner in branches and on the phone at Barclays. And in my assessment too I set out that I didn't think that Barclays' offer to open an account coming *at least* nine working days after the account had been closed was a realistic one for A. And especially as that relied on it completing more paperwork. And why A reasonably thought that the only option was to open an account elsewhere. It's also not in dispute that although A was initially told it would get a cheque with the balance on the account, the money was paid to the owner's personal account on 23 August 2022. While I can appreciate the owner would want to keep things separate, A was a sole trader and not a different legal entity. So, I remain unclear why materials or creditors couldn't have been paid for however inconvenient that was from this money.

I note that in an introduction call about the complaint in October 2022 A was asked to provide evidence to support its financial loss. It didn't do so. And this was discussed at length following my provisional decision as I set out above. While I have the letter from A I don't have information to support this. So, taking that into account and also what I've said about the potential for mitigating action above I don't have a basis both to quantify and then hold Barclays responsible for any specific financial loss.

I have the owner's testimony about the impact on him personally which I've considered carefully. And I appreciate what he says about the stress and anxiety caused and about the inconvenience of the branch visits and the calls. I don't have any details to support the amount of out-of-pocket expenses referred to including calls, fuel and car parking.

I mentioned before that we publish guidance around compensation, and I've taken that into account. I've applied my own judgement in assessing the distress and inconvenience caused based on what happened and what the owner of A has said. Having done so I know he'll be disappointed when I say that the total amount of £500 remains in my assessment the appropriate and fair amount. A remains free to pursue this matter in court if it doesn't accept my decision and subject to any relevant time limits.

My final decision

My decision is that I uphold this complaint in part, and I require Barclays Bank UK PLC to pay A a total of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 29 March 2023.

Michael Crewe
Ombudsman