

The complaint

Mr M, trading as S, complains about the way Barclays Bank UK Plc carried out a Know Your Customer (KYC) review.

What happened

Mr M told us:

- He is unhappy with the service Barclays provided in relation to its KYC review.
- He provided all the information Barclays requested in October 2022, but the bank continued to ask for evidence that he had already given.
- The bank then blocked his business banking app unnecessarily. He did not have access to his funds while on a business trip abroad, and had to borrow money. He would like Barclays to compensate him for his losses.

Barclays told us:

- It is satisfied that it did not make any errors in respect of its KYC review of S's account. It accepts that Mr M did provide some information in October 2022, but after reviewing that information it needed more evidence from him.
- It contacted him several times to explain that it needed more evidence, then ultimately wrote to him to say that if it didn't receive the information it needed it would apply restrictions to S's account.
- It received the information it needed from Mr M's accountant on 11 May 2023. However, by that point the process of applying restrictions had already begun. It removed the restrictions after its staff had reviewed Mr M's accountant's information.
- At one stage it wrongly told Mr M that the reason he couldn't use his bank card was that Mr M had entered the incorrect PIN. In fact, the reason was that it had blocked his card as a result of its KYC process. That meant Mr M had to make an unnecessary trip to an ATM and contact the bank again. It has already paid £125 to Mr M to recognise its poor service.

One of our investigators looked at this complaint, but she didn't recommend that Barclays pay more than the £125 it has already credited to Mr M's account. Briefly, she said:

- She was satisfied that Mr M had provided information to Barclays in November 2021. However, on review Barclays decided that it needed further information. The bank wrote to Mr M in January and February 2022, then spoke to him on the phone in September 2022. It sent two further letters in October 2022, and spoke to him on the phone again to explain that it needed further information about his trading address.

- Barclays then wrote to Mr M again on 29 March 2023 to explain that it would place restrictions on his account if he did not provide the information it needed within 30 days. She acknowledged that Mr M said Barclays had given him a deadline of 22 May 2023 to provide his evidence, but she could not see that Barclays had given him any extension on 30 days from 29 March 2023.
- She was satisfied that Mr M did not provide the information Barclays had requested by the deadline it had given. She acknowledged that Mr M said he'd sent Barclays all relevant information in October 2022, but after reviewing all the evidence she was satisfied that Barclays did not receive the evidence it needed until Thursday 11 May 2023. It then needed some time to review that evidence.
- In the overall circumstances, she thought it was fair for Barclays to have restricted S's account between Thursday 11 and Monday 15 May 2023.
- She accepted that Barclays had wrongly told Mr M that his card had been blocked because he'd entered an incorrect PIN, but she thought the payment Barclays had already made represented fair compensation for that issue.

Mr M did not accept our investigator's findings. He said the £125 payment was nothing to do with the KYC issue; it was an apology for telling him that his card had been unblocked when it hadn't. He reiterated that he was satisfied he sent Barclays all the information it needed in October 2022. He also said that he supplied the information again in May 2023, but the bank then lied to him by saying he needed to prove his personal address – which he had already done. His view is that Barclays failed to notice emails sent using an encrypted email service, and that is the bank's mistake and not his.

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, there is very little I can add to what our investigator has already said. I agree with her findings, and I don't think it would be fair for me to order Barclays to pay any additional compensation.

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of new and existing relationships. That sometimes means – as in this case – that a bank chooses to carry out a KYC review.

In principle, I have no concerns about Barclays' decision to carry out a KYC review of S's account. That means that in order to decide whether Barclays treated S fairly, I need to consider how that review was carried out.

I acknowledge that Mr M provided information to Barclays in October 2022, but I consider that Barclays was entitled to decide that it wanted additional information. I am satisfied that Barclays told Mr M clearly what the consequences would be if he did not provide that information on time.

There is a dispute here about whether Mr M provided the information Barclays requested on time. He says that he did, and Barclays says that he did not. I recognise that it is difficult for Mr M to demonstrate what happened, given that he was using a service provided by Barclays. But having considered all the available evidence, I am not persuaded that Mr M did

provide the necessary information in time. That means I think it was fair for Barclays to apply restrictions to S's account.

It is unfortunate that Mr M was abroad when the restrictions were applied, and it is clear that they were very inconvenient for him. But given that I don't think Barclays was wrong to put the restrictions in place, it would not be fair for me to order Barclays to pay compensation.

Barclays did not remove the restrictions the instant that it received evidence from Mr M's accountant, but I think it did remove the restrictions within a reasonable time. As a result, I don't think it would be fair for me to uphold this complaint about the way Barclays carried out the KYC review.

Finally, I have considered Barclays' payment of £125. I am satisfied that that payment does relate to the KYC issue. Barclays has explained that it deliberately blocked Mr M's card because it had not received the information it needed to complete its KYC review. I think Barclays was entitled to block Mr M's card, but it should have given him accurate information at the time about why it had done so. Instead, it wrongly suggested that Mr M had entered the wrong PIN. I agree with our investigator that the payment Barclays has already made represents fair compensation for the bank's mistake.

My final decision

My final decision is that I do not uphold this complaint about Barclays Bank UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 31 May 2024.

Laura Colman
Ombudsman