

The complaint

A company which I'll call 'O' complains that Barclays Bank UK Plc behaved unreasonably when completing its banking checks.

The complaint is brought on O's behalf by their director, Ms F.

What happened

O held a business current account with Barclays.

O told us:

- Ms F was abroad in November 2022 when she received notification that the balance in their account of around £19,000 had been withdrawn leaving the account at £0. Ms F thought that fraud had taken place on their account and immediately called the bank, at significant cost, to be told that their account had been closed. This happened without warning.
- They told Barclays that they needed an account as their rental income was paid into this account. However, the bank said that they would need to open a new account when Ms F returned home, and that it would send a cheque for the account balance. It took five weeks for the cheque to be received, which meant they had no business funds to use.
- They tried to open a new account with Barclays as instructed on the call, however the bank said it couldn't do this as they had three shareholders and they only opened accounts for businesses with one shareholder.
- They eventually opened an account with another bank. However, Barclays wouldn't allow the switching service, so they needed to manually move all their regular payments.
- They asked Barclays to supply the regular payment information, however the local branch didn't provide the correct information, so they had to manually locate and call all their related third-party suppliers and tenants. This also impacted payments being received.
- They needed to provide their accountant with bank statements for the last twelve months so they could complete their annual accounts. However, they hadn't been able to download these after their account had been closed, and Barclays had refused to provide an excel spreadsheet of the information they needed.

Barclays told us:

- It had undertaken a Know Your Customer ('KYC') review of O's account in line with its regulatory obligations and had sent the information requests to the company's registered address. This was the address provided by O for important letters and

legal notices to be sent to.

- It had also contacted O by SMS/Online Banking notification as well as the letters which had been sent to their accountant.
- After closing O's account, it had taken too long to return the funds which had been in their account. It acknowledged O had asked for the cheque to be cancelled and a transfer made to their new account instead, however it had taken several requests from Ms F for this to happen.
- In error, it had sent O further KYC information requests after their account had been closed.
- It was happy to reopen O's business account if they wanted. It had also offered £200 compensation and a refund of call charges incurred by Ms F when she was abroad and received the closure notification.

Our investigator didn't recommend the complaint be upheld. He said that as part of the bank's legal and regulatory obligations, it needed to ensure the information it held for O was accurate. In this case, Barclays had written to O's registered address, which the company had provided, and this was reasonable. He acknowledged that O's accountant hadn't passed on the letters to O, but said that the bank wasn't obligated to check that the letters had been received. He acknowledged that O had been caused inconvenience as their account had been closed and Barclays wouldn't reopen it. But he thought this was reasonable as the bank wasn't opening new accounts at that time. However, he thought that Barclays hadn't treated O reasonably when it didn't provide the regular payment information.

Barclays initially offered £200 compensation for the poor service O had received, which our investigator thought was fair. However, the bank then increased its offer and said it would pay £500 compensation for the inconvenience, along with 8% simple interest on O's funds for the time they were without their money equating to £215.25, and refund the call charges Ms F had incurred when calling it from abroad of £87.16.

Ms F didn't agree as she said this wasn't enough compensation for the inconvenience caused to O when their account was closed. As an agreement couldn't be reached, the case 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.

Both parties agree with the circumstances that lead to O's complaint so as that's not in dispute here, I'll focus on how the Bank needs to put things right. I can see that Barclays has offered £500 compensation, a refund of £87.16 in respect of call costs and £215.25 for the 8% simple interest. And I think this is enough to put things right. I'll explain why.

Ms F told us that she'd been inconvenienced as a result of the bank's actions, but I'm unable to consider the impact on Ms F personally. I recognise this was an extremely difficult time for her as she was abroad and needed to keep things running for O. However, this complaint has been brought on O's behalf, so O is the eligible complainant. This means that I can't look at any distress or inconvenience caused to Ms F in a personal capacity. And I couldn't consider a complaint from her personally about what's happened here as it's O's account that was closed not Ms F's. As O is a company, it also can't be caused distress, which means I can only look at the inconvenience caused to them by Barclays actions.

O told us that their account had been unfairly closed without warning, but I'm not persuaded that's the case. I'm satisfied that Barclays acted fairly when it closed O's account, and that it did give O appropriate notice of that closure – albeit to their registered rather than trading address.

Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. And the bank may need to check from time to time that the information it holds for its customer is correct. It is a commercial decision which Barclays is able to make on how often it undertakes these checks and what information (within reason) it needs to comply with its obligations. If a customer doesn't provide this information, the bank may be put in the position whereby it may break a law, regulation, code, or duty and therefore it is able to close an account after giving the relevant notice in line with the terms and conditions of the account.

I acknowledge Ms F's comments that it was unfair O's account was closed as they are a trading company who'd banked with Barclays for a lengthy period. But Barclays needs to hold the required information so it can meet its obligations for all its customers, regardless of who they are.

I've seen that the bank contacted O in March 2022 via their online banking banner and a further three times between April and June by post. The final letter gave O the required sixty days' notice that if the requested information wasn't received, their account would be closed. I recognise that O says it didn't receive any of these contacts from Barclays as these were sent to their registered address, which is that of their accountant rather than their trading address or correspondence address. However, Barclays has told us that whilst it can send certain correspondence to an alternative address, business correspondence such as the outstanding KYC information, is always sent to the company's registered office address. I've seen evidence from the bank to show where and when the letters were sent, and O has told us this was their accountant's address, but the letters weren't passed on. So, I'm satisfied the bank did try and contact O in a reasonable manner and gave the required notice period. Therefore, it follows that I don't think Barclays is required to pay O compensation for losses caused as a result of the account closure.

However, I can see that although O's account was closed in line with the terms and conditions, Barclays didn't provide a good service to the company as a result. I can see that Ms F was given incorrect information about opening a new account which caused O inconvenience, and they weren't provided the information they needed for their regular payments and suppliers. This caused inconvenience and O has told us they'll incur higher accountancy costs because of this. I've also seen that Barclays gave O misinformation about where its KYC letters needed to be issued to. So, I think the bank should pay O compensation for the inconvenience it caused, and I think the £500, along with the refund of £87.16 in call costs which Barclays has now offered O, is enough to put things right for this part of their complaint.

Ms F told us that O was caused financial inconvenience because Barclays didn't transfer their funds as requested. She said that she was able to arrange for some tenancy payments to be redirected, however O didn't have access to their main balance. Barclays told us that there was a cross over in the cheque being paid to O and their request for an account transfer which led to some delays. However, it has acknowledged that its service could have been better here and offered to compensate O for the loss of interest and opportunity from the date the account was closed on 29 November 2022 until 3 January 2023 when the balance transfer was made, at 8% simple interest annually. I think this is fair and in line with the award this service would make.

I'm sorry to disappoint O as I know they wanted more compensation, however, based on what I've seen I think Barclays offer is enough to put things right. So, I won't be asking it to do anything more.

My final decision

Barclays Bank UK Plc has already made an offer to pay O £500 compensation for the inconvenience caused, refund £87.16 in call costs, and pay 8% simple interest annually on O's account balance from 29 November 2022 to 3 January 2023 for the time they were without their funds, to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Barclays Bank UK Plc should settle the complaint in the way it has offered, as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 11 March 2024.

Jenny Lomax
Ombudsman