

The complaint

Mr H is a sole trader, he complains on behalf of his business 'O' that Barclays Bank UK Plc behaved unreasonably when completing its banking checks.

What happened

Mr H told us:

- He'd held a business current account for O with Barclays. On 1 February 2023, the bank had closed O's account without warning.
- It had taken until 27 February 2023 for him to receive the balance of O's account, and when it had been received, the amount was incorrect, and his direct debits hadn't been paid.
- He hadn't received any communication from the bank and had been caused inconvenience and lost business because he didn't have an account or money to trade.
- The only letter he'd received from Barclays had looked like a scam letter, so he'd taken it to a branch who'd told him to ignore it.

Barclays told us:

- It had carried out a review of O's account in September 2021 and needed some information from the business which it had requested via online banking and post.
- It gave O a significant amount of time to provide the information, and when this wasn't received it issued a two-month account closure warning in October 2022.
- As the required information wasn't received within the deadline it had set, it had closed O's account on 1 February 2023. In doing so, it had acted in line with the terms and conditions and hadn't done anything wrong. O did have two direct debits on the account, but both payments had been made on 1 February before the account had been closed.
- In line with its process, it had issued a cheque to O for the balance of funds in the account. However, in mid-February 2023, Mr H had called and asked that the funds be transferred to his personal account, and this was actioned within its usual timescales.
- Mr H had asked for O's account to be reopened and it had agreed to do so if the required KYC information was provided within a month of the account opening.

Our investigator initially recommended the complaint be upheld as Barclays hadn't provided sufficient evidence to show it had made Mr H aware of O's account closure. However, the bank subsequently provided additional evidence to our investigator, so he changed his mind and didn't recommend the complaint be upheld. He thought that Barclays had made Mr H aware that it needed information from him, and that if this wasn't received, O's account was likely to be closed. He said that Barclays had shown it had sent Mr H letters and online banking banners, so he thought the bank had given Mr H fair notice. He also said he was satisfied that Barclays had transferred O's account balance to Mr H within its agreed timescales, so it hadn't done anything wrong.

Mr H didn't agree. He said he didn't normally use online banking but when he'd logged in there was no evidence of any information requests or the October 2022 letter that Barclays said had been sent. So, he asked for an ombudsman to review his complaint and 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 not to uphold it. I'm sorry to disappoint Mr H, but there's not much more that I can add to what our investigator has already said.

Mr H says that O's account was unfairly closed in February 2023 without warning. However, 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.

Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. Even if a customer has had a relationship with the bank for many years, Barclays' 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've seen evidence that Barclays contacted Mr H by online banking and also by post in September 2021 to say that it needed information to undertake its KYC review. It then sent further letters in November 2021, December 2021 and January 2022 asking him to provide the outstanding information. I recognise that Mr H says he received a letter and took it to a Barclays branch who told him to ignore it because his information was fine. However, even if Mr H thought the first letter was an error, I think it's reasonable to think that after others had been received that he may need to contact the bank as there was still an outstanding issue.

I also acknowledge that Mr H says he didn't get the notice to close letter in October 2022, and therefore it came as a shock when O's account was closed in February 2023. However, the bank has provided evidence of the letters, and the date and address these were sent to, which is the address that the first letter was sent to and received. It's also the address that Barclays holds on file for O. And as the bank gave Mr H over a year to provide the required KYC information from when it was initially requested, I can't fairly say it has behaved unreasonably here.

Mr H has shown that when he accessed his online banking in August 2023, there was no evidence of any KYC or information requests or any evidence that letters had been sent to him. However, Barclays said the KYC information request was banner on the online banking, rather than an attached document so I'm satisfied this wouldn't be showing now that he's provided the required information to the bank. Barclays has also told us that the KYC letters were issued by a third-party on its behalf, due to the number of customers that were contacted. So, whilst I acknowledge the evidence that Mr H has provided, I'm not persuaded this means the letters and notifications weren't sent, as the bank has already explained the letters were sent in a different way.

I acknowledge Mr H says that unless he signed for the letters or they were sent recorded delivery, that this isn't proof that they were sent. However, that's not how our service works, where evidence is disputed, we consider what is more likely to have happened. In this case, Barclays' only needs to show that it completed its part in the process correctly, and I'm satisfied that's what it's done here.

Mr H told us that he thought Barclays hadn't returned the correct balance to him, and that it had also taken too long to return O's funds. But I'm not persuaded that's the case. I've seen O's account statement and the balance which was paid to Mr H, and I'm satisfied it was correct. I can see that O had several direct debits which were due the day the account was closed, and Barclays allowed this to be paid before issuing the closing balance. I've also seen that the cheque for the account balance was issued to Mr H within Barclays ten-day timescale, and then cancelled as requested by Mr H as he wanted an account transfer. This again was actioned within the ten-day timescale. So, I don't think the bank behaved unreasonably here.

I recognise that Mr H says that O was caused inconvenience and a financial loss by Barclays' decision to close their account. However, as I think that it was reasonable for the bank to close the account as it didn't receive the required information for it to undertake its checks, it follows that I don't think compensation is warranted for this. I'm sorry to disappoint Mr H, but I don't think Barclays did anything wrong here, so I won't be asking it to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 19 February 2024.

Jenny Lomax
Ombudsman