

The complaint

Mr E is a sole trader. He complains that he lost access to his Barclays Bank UK Plc business bank account, and then had to spend hours on the phone sorting the problem out.

What happened

Mr E told us:

- In July 2022, he was a longstanding customer of Barclays. Something then happened – he is still not sure what – which caused him to lose access to his business account for several days.
- He was afraid his account had been hacked and that he had lost the £50,000 it contained. He suffered significant stress as a result.
- He spent over six hours on the phone to Barclays trying to restore access to his account.
- Barclays was unable to tell him what had happened, and could not reassure him that the problem would not recur. It also asked him to provide his personal details, despite the fact he had provide those details many times before and they had not changed.

Barclays told us:

- There were two issues impacting Mr E's access to his business account. It needed to him to update the mandate on his account, and it also needed information from him to allow it to comply with its Know Your Customer (KYC) obligations.
- It accepted that it did not explain itself properly to Mr E at first, and that he had to spend a lot of time on the phone trying to resolve matters. It offered to pay him £100 to apologise for its poor customer service, but it said it would only continue to provide banking services to Mr E if he provided the information it requested.
- Since making this complaint, Mr E decided to switch his business account away from Barclays. His Barclays account is now closed.

One of investigators looked at this complaint, but did not uphold it. He thought the £100 Barclays had already offered represented fair and reasonable compensation for Barclays' mistakes.

Mr E did not accept our investigator's findings. He said Barclays has still not explained what happened to his account. He provided his details to Barclays many times, and was assured over the phone that KYC had been completed. He also said £100 in compensation was insufficient, particularly given his belief that he had lost £50,000 and that £500 would be a better starting point for negotiations.

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 am sorry to further disappoint Mr E, but having listened to his call with Barclays' complaint handler I am satisfied that the bank did eventually explain what had happened to his account.

I do accept that Barclays could have provided that explanation more quickly. I think the bank was right to apologise for its poor service, and that it is fair for Mr E to receive compensation for the inconvenience the bank caused him. However, I don't think Barclays did anything wrong in requiring Mr E to update the mandate for his account, or in requiring him to provide additional information for KYC purposes.

Mr E had been a Barclays customer for a very long time, but Barclays was still required to ensure that the information it had about him and his account was up-to-date. Along with all other UK banks, Barclays is legally required to carry out ongoing monitoring of new and existing relationships.

I acknowledge that Barclays asked Mr E for some information that he had already provided, and I appreciate that he was inconvenienced by Barclays' questions. But I think Barclays was entitled to ask the questions it did in the way that it did, and I don't think it would be fair for me to criticise the bank for the way it handled the mandate or KYC processes for Mr E's account.

Putting things right

We publish information about our approach to awards for distress and inconvenience on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

We usually consider that an award of between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation.

Having considered all the available evidence and applied my own judgement, I am satisfied that Barclays' offer of £100 is fair in this case. I know Mr E feels strongly that it is not enough, but my award is only intended to compensate him for the impact of Barclays' poor customer service and initial failure to explain what had happened to his account. My award is not intended to compensate him for the inconvenience he suffered in attempting to resolve the mandate or the KYC issues, because I don't think Barclays did anything wrong in asking him for information.

My final decision

My final decision is that Barclays Bank UK Plc's offer to pay Mr E £100 represents a fair and reasonable outcome to the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 6 October 2023.

Laura Colman
Ombudsman