

The complaint

A company which I'll call 'T' complains that Barclays Bank UK Plc behaved unreasonably when completing its banking checks.

The complaint is brought on T's behalf by their director, Mr S. Mr S is represented by Miss S, but for ease I'll refer to Mr S throughout the decision.

What happened

T held a business current account with Barclays which they opened in 2009.

T told us:

- They received some emails about their account, but they thought these were scam emails, so they didn't respond.
- In January 2023, their account was frozen without warning when their director was abroad on holiday.
- They asked for their account to be reopened but this had taken eight weeks and they hadn't been able to trade during that time so had lost about £50,000 in sales and been caused reputational damage.
- They tried to call Barclays to find out what was happening, but they couldn't get through. When they did finally get through, the bank said it had sent letters requesting information, but these had never been received.
- Barclays' service had been poor, and they had been given incorrect information and calls to the bank had taken a really long time. The bank had upheld their complaint and offered £300 compensation, but this wasn't enough for the losses they'd incurred.
- Mr S had been caused distress and inconvenience and had to use whatever finance he could to support the company.

Barclays told us:

- It undertook a 'Know Your Customer' ('KYC') review on T's account in July 2022 and contacted them via their online banking to request information.
- In September 2022, it sent T several letters asking them to provide information about their business and explained if this wasn't received their account would be closed.
- It had issued a notice to close letter in November 2022 giving two months' notice and then sent a text message to Mr S in January 2023 asking him to update T's details within a week or their account would be closed.
- It had a legal and regulatory obligation to ensure that the information it held on its customers was accurate, so it hadn't done anything wrong in closing T's account when the requested information wasn't provided by the deadline given.
- It accepted it had given T incorrect information about their account being reopened, so it had apologised and offered £300 compensation for the inconvenience this had caused.

Our investigator didn't recommend the complaint be upheld. He said Barclays had legal and regulatory obligations to meet so it was reasonable for the bank to undertake its KYC review. He was satisfied that the bank had written to T for the KYC review and Notice to Close, but the company hadn't replied so it was reasonable for the bank to close their account. He thought Barclays had taken too long to reopen T's account. However, the bank had already offered £300 for the inconvenience caused by this and he thought this was enough to put things right.

T didn't agree. They said they couldn't trade while they didn't have an account and had incurred reputational damage as well as turnover losses of around £19,000. They also said it wasn't reasonable for the investigator to say letters had been sent, just because the bank said so, when T said they hadn't been received. They also wanted the lack of customer support when T wanted the account reopened considered and said that £300 wasn't enough compensation for the inconvenience caused. So, they asked for an ombudsman to review their complaint.

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 T, but there's not much more that I can add to what our investigator has already said. T says that their account was unfairly closed in January 2023 without warning. However, I'm not persuaded that's the case. I'm satisfied that Barclays acted fairly when it closed T's account, and that it did give T appropriate notice of that closure.

Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers, which means 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. It's in the terms and conditions of T's account that when Barclays requests information from them, that they provide this.

I recognise that T says our investigator has just taken Barclays word for it that letters were sent, because they've said the letters weren't received. However, I've seen copies of the letters which were sent and evidence from the bank of the date, and address that the letters were sent to, which is the address it holds for T and is the same address which this service was also given. I also think it unlikely on the balance of probability that all of the letters Barclays says were sent weren't issued. Furthermore, even if I did accept that these letters weren't sent, I've seen evidence that Barclays also sent notification to T about the outstanding information by both their online banking and through text messages.

I've also seen that T logged into their online banking numerous times whilst there was outstanding information request from the bank, and Mr S has told us that he did indeed receive the text messages – albeit he said he thought it was a scam. Therefore, I think T ought reasonably to have been aware from the volume of contacts from the bank and the type of notifications they were receiving, that there may have been an issue which they should contact the bank about. So, I don't think Barclays has behaved unreasonably here.

I acknowledge that T says they were 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 S, but I don't think Barclays did anything wrong when it closed the company's account, so I won't be asking it to do anything more for this part of T's complaint.

T told us that Barclays delayed opening their account, gave them incorrect information and poor service and this caused them further inconvenience. I can see that the bank gave Mr S incorrect information about the time it would take to reopen T's account and that it took Mr S a significant period of time to speak to the bank. However, Barclays has apologised for this and offered £300 compensation which I think is enough to put things right. I say this because, I've seen the bank's case notes and I can see that the bank did fast-track T's account opening, and their new account was opened quicker than Barclays' standard account opening timescales. I've also seen that the bank did recognise Mr S's circumstances and made additional calls to let him know what was happening with T's account opening. It's not for me to fine or punish a business for making a mistake, and I'm satisfied Barclays tried to put things right for T as soon as possible when it identified its error.

Mr S told us that Barclays actions have affected him personally, and I don't dispute that's the case. I've listed to the calls between Mr S and the bank, and I recognise this has been distressing and frustrating for him. However, this complaint has been brought on T's behalf, so T is the eligible complainant here. This means that I can't look at any distress or inconvenience caused to Mr S in a personal capacity. And as T is a limited company, it can't be caused distress, which means I can only look at the inconvenience caused to it by Barclays actions.

I'm sorry to disappoint Mr S as I know he feels strongly about T's complaint. However, after considering all the evidence available, I'm satisfied that Barclays has done enough to put things right.

My final decision

Barclays Bank UK Plc has already made an offer to pay T £300 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 pay T £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 26 March 2024.

Jenny Lomax
Ombudsman