

The complaint

A company, which I'll refer to as J, complains that Barclays Bank Plc (Barclays) closed one of its accounts in error with the result that it was unable to collect card payments from its customers.

According to J, this caused significant financial loss for which it doesn't believe Barclays have paid proper compensation.

In bringing this complaint J is represented by its director who I'll refer to as Mr S

What happened

In December 2021, J entered into an agreement (the Agreement) with Barclays to obtain merchant acquiring services. Under the Agreement J operated four merchant accounts which for ease of reference I'll refer to as numbers ending:

- 87
- 88
- 90
- 91

On 2 November 2022, Mr S contacted Barclays to request the closure of three of the accounts namely 87, 88 and 90. But in error, on 30 November 2022, Barclays also closed the fourth account ending 91 (the Account) instead of 90 which they were asked to do. The bank also withdrew from their system the terminal linked to the Account. Furthermore, they also delayed closing the other accounts in respect of which J had given instructions.

According to Barclays:

- On 30 March 2023, Mr S contacted them drawing to their attention their error in closing the Account. They were told this meant J hadn't been able to use its Barclaycard Flex terminal linked to the Account.
- After looking into things, the bank realised it had made an error and so, on 4 April 2023 Barclays reopened the Account and reinstated the linked terminal on their system.

Mr S, nevertheless, complained to the bank, saying J has suffered financial loss arising from its error and requested compensation.

In response to the complaint, as just noted Barclays acknowledged their error. And they apologised for any inconvenience and frustration which resulted from it. In addition, to put things right the bank did the following:

- refunded charges that they levied from December 2022 to June 2023 totalling £228;

- as a goodwill gesture credited J's account with £150 compensation; and
- later refunded further charges amounting to £126 that J incurred from July to September 2023 as well as an added £200 in further acknowledgement of their poor service.

Beyond that the bank didn't think it was obliged to pay further compensation and not least for the nature of the financial loss J claimed it incurred because of the bank's error. It said under the terms and conditions of the Agreement – in particular clause 15, it was not obliged in such circumstances to compensate J for any loss of business arising from its error.

Mr S didn't think this went far enough. And so, he referred J's complaint to this service to look into.

Our investigator didn't uphold the complaint in as much as she felt that although Barclays did make an error, nonetheless she felt they'd adequately compensated J in the circumstances of the case.

More to the point, she also said:

- Although Mr S has explained that the bank's compensation doesn't fairly reflect the financial loss J experienced because of its inability to accept card payments due to the bank's error, he'd provided no persuasive evidence to show this loss.
- Mr S notified Barclays of the issue on 30 March 2023 and the Account was reopened, and the terminal reinstated five days later on 4 April. So, in light of this timeframe the bank's error was put right within a reasonable time of that notification
- If as Mr S had claimed, that the closure of the Account was having a financial impact on J, she would have expected Mr S to have contacted Barclays when in error, the account was closed in 2022.

J did not accept the investigator's conclusions and on its behalf Mr S responded to say:

- Generally speaking, J makes a minimum of £1000 for three to four hours work. Therefore, the compensation is insufficient when considered alongside that figure.
- Furthermore, the compensation the bank has paid failed to take account of his personal time when trying to speak to Barclays to put things right.

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.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

Barclays have already acknowledged their error. And they've paid J the compensation referred to above.

I know Mr S doesn't think this went far enough, not least because he doesn't believe it takes account of J's financial loss and his own time dealing with the matter. So, as this is the issue separating the parties it is that which I must now determine.

I start by making a general point which is that the aim of compensation is to put a complainant back into the position, or as closely as possible that they would have been in had the error complained about not occurred. That being said, it is not reasonable for a complainant to fail to take action and allow losses to mount. They have a duty to take steps to limit such losses – commonly known as the duty to mitigate.

I turn first to consider what the bank has done to put right its acknowledged error

Refund of charges

I start with these. Barclays' have produced evidence to show the charges J incurred between December 2022 and June 2023 which they believe were inappropriate in light of their acknowledged error. And I can see these were refunded to J's account alongside the £150 goodwill payment.

Furthermore, as also noted above the bank refund a further £126 worth of charges to encompass the period July to September 2023. So, in terms of charges this represents in total £354. Added to which Barclays have paid a further £200 in addition to the £150 already paid giving a total £350 in acknowledgement of their poor service. Put together, the compensation package is £704.

Based on this evidence, it doesn't seem to me J has incurred charges that it should not have done if it were not for Barclays error. And in fairness to Mr S, he hasn't made that argument on J's behalf. In light of the steps Barclays have taken in respect of these charges, I do not find that J has suffered any financial loss arising from Barclays' error.

On top of the refund of charges Barclays have paid a further £350. I note Mr S has argued that the £350 isn't reasonable. He said he doesn't see why J should accept that compensation when compared to the minimum of £1000 that J makes for 3 – 4 hours carrying out the work it does. And besides he further argues that his own time isn't accounted for in the compensation either.

So, I've thought about both these arguments as well as more broadly whether there's enough evidence to persuade me that J did suffer any other financial loss for which fairly, it should be compensated. I take first the issue of Mr S's own time.

Mr S's time

By way of context, it's worth mentioning that this complaint is brought by J - albeit it is being conducted by Mr S.

However, in circumstances where a complainant that's a limited company (as J is) complains to us about an alleged error by a financial business and we find in its favour, we wouldn't generally award compensation based upon, for example the charge out rate of its director. Rather, our approach is to consider the overall impact of the error – including the degree of inconvenience that was caused to the complainant business generally.

With that in mind, I do not see any basis for recommending an award by way of compensation for Mr S's personal time. I've therefore based my assessment on what I consider would have been the impact on J arising from Barclays' error.

Impact of Barclays' error on J

Mr S has argued the £350 compensation paid to J, fall short of what is reasonable, and I have noted the reasons he's given for saying that.

I also note Mr S supports his argument by saying that a high number of J's clients prefer to pay for its services using credit and debit cards. And when they asked J if it took credit or debit card payments, when told J did not, (because of the closure of the Account and withdrawal of the linked terminal) this affected their willingness to go ahead and in turn J's sales were impacted. He explained that since December 2022 J has been unable to secure all potential customers whose preference was for payment by card.

Whilst I can't rule out the possibility that may have occurred, despite our request Mr S has provided no clear evidence supporting that position. In other words, I've seen no clear evidence that potential clients did not proceed with work that otherwise they would have done if the Account hadn't been closed and the terminal withdrawn. In light of this, it would not be fair to award compensation on the basis of speculative losses.

Besides, as I've alluded to above, if as it seems Mr J had come to realise early on that there was a problem with the Account and associated terminal, then reasonably by way of mitigation, I'd have expected him to report the matter to Barclays straight away and not wait until March 2023 to do so.

Barclays have acknowledged that J has been inconvenienced by their error and poor service. Whilst the bank did reopen the Account and so put right the situation, I bear in mind J had no access to the Account until it was reinstated on 4 April 2023.

I accept therefore that J was inconvenienced by the closure of the Account. And whilst this is not intended to excuse the bank's error, I find it difficult to conclude the inconvenience was significant.

I say that because if that had been the case then reasonably, I'd have expected that Mr J would have alerted Barclays to any difficulties being experienced long before he did on 30 March 2023. Especially, bearing in mind the closure happened on 30 November 2022. And given that Barclays reopened the Account within five days of being alerted to their error, I'm satisfied that in all likelihood the bank would have acted similarly in putting things right without undue delay had it been alerted sooner.

With that in mind, and having thought about the general framework which this service considers when arriving at compensation amounts for inconvenience – further details of which can be found on this service's website, I'm satisfied that the £350 represents fair and reasonable compensation for the inconvenience caused to J. Furthermore, when taken alongside the £354 refund of charges the bank has also made, I've further concluded that in the circumstances of this case the compensation Barclays have paid to J is fair and reasonable

My final decision

For the reasons I've explained above, my final decision is that I do not uphold this complaint in as much as I'm satisfied the compensation Barclays Bank Plc have paid to J is fair and reasonable in the circumstances of this case. Therefore, I do not recommend they should take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 26 August 2024.

Asher Gordon
Ombudsman