

## **The complaint**

A charity, which I will refer to as S, complains that Barclays Bank UK PLC's Know Your Customer (KYC) review required a disproportionate amount of information in order to keep S's account open.

Mr S, who is a trustee and director of S (amongst other roles), complains on its behalf.

## **What happened**

Mr S told us:

- S is both a charity and a company limited by guarantee. It is managed by a council, currently consisting of seven people. It also has over 200 members/guarantors, who have guaranteed that in the event S is wound up they will contribute up to £1 each towards its debts and liabilities.
- Barclays wrote to S as part of a KYC review, initially asking for the names and addresses of all of S's guarantors. S does not have its members' permission to pass that information on, and so Barclays indicated that it would accept a letter from S's chairman confirming the number of members and their liability. Barclays later decided that it would not accept the chairman's letter, and said that it required a declaration from an accountant or solicitor.
- He understands that Barclays undertakes due diligence to satisfy itself that S does not engage in fraud or money laundering. He also understands that it is required to understand and document the ownership and control structures of its customers and their beneficial owners. However, it is able to exercise discretion as to exactly what information it requires – and he believes it should exercise that discretion here.
- S is a small charity, which should not be put to the expense of incurring professional fees unless that cannot be avoided. Here, those expenses were not necessary. The relevant legislation cannot require the involvement of a solicitor or accountant, because S was later able to open an account with a different bank which did not insist on the involvement of such a professional.

Barclays told us:

- The guarantor details S has provided don't meet its requirements. In S's case, it can only accept a statement from a member of a professional body (such as an accountant or a solicitor), or a Statement of Guarantee submitted to Companies House.
- It does not always need independent verification of KYC information, and it can accept information in an alternative way (such as an up-to-date members list on Companies House). However, in S's case it is satisfied that it has followed its policy correctly, and that S is not being treated differently to other entities in similar circumstances.

One of our investigators looked at S's complaint, but did not uphold it. She said Barclays had acted reasonably by giving S several opportunities to provide the required documents, and that ultimately if S did not comply with Barclays' requests then Barclays would be entitled to close S's account.

Mr S did not accept our investigator's opinion. He explained that in his view, the UK's approach to the regulation of banks is systemically flawed and involves too many revolving doors – and that both our service and the Financial Conduct Authority are utterly impotent in controlling the behaviour of banks. He suggested that our investigator might be looking forward to a lucrative position at Barclays.

### **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, whilst I'm sorry to disappoint Mr S there is very little I can add to what our investigator has already said.

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of new and existing relationships. That sometimes means – as in this case – that a bank chooses to carry out a KYC review. Barclays has shared the relevant policy with me, and I am satisfied that the bank's policy does indeed require the information that it requested from S.

I understand that Mr S has no concerns in principle about Barclays' decision to carry out a KYC of S's account, and he is not complaining that Barclays is acting outside of its policy. Instead, his complaint is that Barclays can comply with the relevant regulations without imposing a requirement that has a disproportionate impact on S – and that Barclays should therefore apply an exception.

I acknowledge that different banks have different policies, and that S has been able to open an account with another bank without providing the documentation Barclays requested. But that does not in itself say that Barclays has done anything wrong. Each bank has considerable discretion in the way that it chooses to comply with its obligations, and it is not appropriate for me as an ombudsman to interfere with that discretion unless I consider that it has been exercised unfairly.

Here, whilst I acknowledge the impact of Barclays' policy on S, I cannot say that Barclays has been unfair. Barclays' policy applies to all entities in S's situation, because Barclays has decided that it is not willing to accept the risks of continuing to provide bank accounts to entities like S indefinitely unless it receives the evidence it has requested. Barclays is entitled to make that decision, even if other banks make different choices.

I suspect there isn't much I can say to convince Mr S of the impartiality of the Financial Ombudsman Service, but he might be interested in the data and insights we publish on the complaints we handle, which is available at <https://www.financial-ombudsman.org.uk/data-insight>. Our half yearly data shows the number of complaints we received against a large number of financial businesses, as well as the percentage of resolved complaints that we upheld.

It is unfortunate that Mr S does not have confidence in the UK's regulatory system, but I am nevertheless satisfied that Barclays has not done anything wrong.

**My final decision**

My final decision is that I do not uphold this complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 25 April 2024.

Laura Colman  
**Ombudsman**