

The complaint

A company which I'll call 'M' complains that Barclays Bank UK Plc behaved unreasonably when completing its banking checks.

The complaint is brought on M's behalf by one of its directors, Mr M.

What happened

M held a business account with Barclays.

M told us:

- Barclays closed its business account without warning in January 2023, causing a loss of business and damage to its reputation.
- It complained to Barclays, but it didn't uphold the complaint. The bank did say it would reinstate the account, but it didn't do this either.
- It doesn't know why the account was closed or not reinstated as agreed because Barclays hasn't provided any explanation.
- It has been treated very poorly by the bank and would like an apology and compensation for the inconvenience caused.

Barclays told us:

- It undertook a 'Know Your Customer' ('KYC') review on M's account and requested information from M which wasn't received.
- It had legal and regulatory obligations to meet, so when the information wasn't received as requested it had closed M's account. Therefore, it hadn't done anything wrong here.
- However, it agreed its service could have been better as it had offered to reopen M's account in February 2023, but due to an error this hadn't happened.
- It initially apologised to M and offered £200 compensation for the inconvenience caused. It also offered to reopen the account if this was required. However, after our service became involved, it increased its offer to £300 for the inconvenience caused, along with gross interest of £32.91 for the time M would've had access to its funds if the account had been opened. It also reopened M's account as requested.

Our investigator thought Barclays offer was enough to put things right. She didn't think Barclays had done anything wrong in closing M's account as it had made the company aware that it required information, and the consequences of not providing this. However, she thought Barclays should have done more when it realised M's account hadn't been opened as agreed. She thought the £300 compensation was fair for the inconvenience caused to M

from having to explain the account closure from mid-February to mid-April 2023, and she noted that our service would expect directors to attempt to mitigate any company losses.

Mr M didn't agree. He said that Barclays still hadn't said what information was needed, and the bank M had opened a new account with had done so within ten days. He also said that Barclays' actions hadn't been properly investigated, and asked for an ombudsman to review M's 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'm sorry to disappoint Mr M, but there's not much more that I can add to what our investigator has already said.

M told us that its account had been unfairly closed due to Barclays KYC process, but I'm satisfied that Barclays acted fairly when it closed M's account, and that it gave M appropriate notice of that closure.

Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. And 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 not for our service to say what information Barclays should request or compare this to the actions of another bank, our service will only challenge a business if we think it has behaved unfairly. I'm not persuaded that's the case here.

If a customer doesn't provide this information, Barclays 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 that the bank contacted M in May 2022 through their online banking, and a further three times between June and August by post. The final letter gave M the required sixty days' notice that if the requested information wasn't received, their account would be closed. I've also seen copies of the letters and evidence from the bank to show where and when the letters were sent.

Furthermore, Barclays has provided evidence of a follow-up email and text message which were sent to Mr M following issue of the notice to close letter. These both warned Mr M that M's account would be closed if he didn't provide the bank with the requested information. I've seen that these warnings were sent to the contact details provided to the bank for Mr M – which are also the same contact details he provided to this service.

Barclays has also shown evidence that there was a further warning message which would have been displayed on mobile and online banking each time it was accessed. I've seen records showing that Mr M accessed his mobile banking on numerous occasions. As the message clearly says that Barclays needs M's business details to be updated, and how this can be completed, I think Mr M ought to have reasonably been aware that the bank needed information for M. So, I'm satisfied the bank did try and contact M in a reasonable manner and gave the required notice period. Therefore, it follows that I don't think Barclays is required to pay M compensation for any calls to customers at that time, losses, or inconvenience caused as a result of the account closure.

However, I can see that although M's account was closed in line with the terms and

conditions, Barclays didn't provide a good service to the company when it agreed to reinstate the account. M was told that it would take around three weeks for the account to be reopened so not to take any action as this would slow down the process. So, I think it's understandable that Mr M didn't try and open an account elsewhere during this time, or look to change any customer or regular payment contact details from this account.

I understand it was inconvenient for M to be left without an account for two months longer than expected. However, Barclays has accepted that it made an error here and has already refunded £34.77 of charges incurred by M as a result of the account closure. It has also offered to pay M £300 compensation for the inconvenience caused, along with interest of £32.91 for the period the company was without its funds. I agree with our investigator that that's enough to put things right for the inconvenience caused from not having a business account for this two-month period and the extra calls Mr M says were required as a result of the delay.

I'm sorry to disappoint Mr M as I know he wanted more compensation, however, based on what I've seen I think Barclays offer is enough to put things right. So, I won't be asking it to do anything more.

My final decision

Barclays Bank UK Plc has already made an offer to pay M £300 compensation for the inconvenience caused, and gross interest of £32.91 on M's account balance from 15 March 2023, (when it's account should have been reopened) to 12 April 2023 (when it was able to access its funds through its new account) 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 settle the complaint in the way it has offered, as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 9 July 2024.

Jenny Lomax
Ombudsman