

The complaint

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

The complaint is brought on O's behalf by their director, Mr J.

What happened

O held a business bank account with Barclays which was opened in 2018.

O told us:

- They had an account with Barclays which had shown on their banking app, but then it had suddenly disappeared.
- Their account with Barclays had been closed without notice and their assets were frozen. The bank said it had written to them, but they hadn't received anything.
- As their account had been closed, they didn't have access to any funds, so their direct debits had been missed and they'd lost customers and been caused reputational damage. They wanted the bank to pay compensation for the losses they'd incurred.
- They'd tried to reopen their account with Barclays', and it initially said it could reopen the account, and then changed its mind. It then took around five weeks for a new account to be opened, which was unreasonable. The bank offered £150 compensation for the inconvenience, but this wasn't enough for what had happened.

Barclays told us:

- It had carried out a review of O's account in March 2022 and needed some information from the business which it had requested via online banking and post.
- As the required information wasn't received within the deadline it had set, it had closed O's account. In doing so, it had acted in line with its terms and conditions and hadn't done anything wrong.
- In October 2022, after O's account was closed, Mr J had contacted it and asked for O's account to be re-opened. It had incorrectly told Mr J that it could reopen O's account when this wasn't true, and the company needed to apply for a new account.
- It had apologised for the miscommunication error and offered O £150 compensation for the inconvenience caused.

Our investigator didn't recommend the complaint be upheld. She thought Barclays had told O that it was undertaking a 'Know Your Customer' ('KYC') review and that they needed to provide information. She said that Barclays had communicated this to O via online banking and post, and the bank had given the required 60 days' notice before their account was closed. She acknowledged that Barclays had made a mistake when it told O that their business account could be reopened. However, she thought the bank's apology and offer of £150 was enough to put things right.

O didn't agree. They said they hadn't received any communication from Barclays before their account was closed and they didn't think £150 was enough for the inconvenience caused. So, they asked for an ombudsman to review their complaint and the case has been passed to me to decide.

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 O, but there isn't much more that I can add to what our investigator has already said.

O says that their account was unfairly closed in October 2022 without warning. However, I'm not persuaded that's the case. I'm satisfied that Barclays acted fairly when it closed O's account, and that it did give O 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.

If a customer doesn't provide this information, the bank 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 acknowledge Mr J's comments that it was unfair O's account was closed as they are a trading company who have incurred financial losses as a result of the bank's actions. But Barclays needs to hold the required information so it can meet its obligations for all its customers, regardless of who they are.

I've seen that the bank contacted O in January 2022 via their online and mobile banking via an alert banner. I can see that Mr J was aware of this because he called the bank in March 2022 to discuss what was required and it agreed to send him the required forms. I recognise Mr J says that he didn't get any letters from the bank. However, given that he'd spoken to Barclays in March, I think from this point, Mr J was reasonably aware that O needed to provide information to Barclays. And if he didn't receive the forms as expected, that he would need to contact the bank to find out what had happened.

But in any event, I've seen that Barclays wrote to O a further three times between March and May by post. The final letter gave O the required two months' notice that if the requested information wasn't received, their account would be closed. Barclays has told us that whilst it can send certain correspondence to an alternative address, business correspondence such as the outstanding KYC information, is always sent to the company's registered office address. I've seen evidence to show that the letters were sent to O's registered address which is the same as on Companies House and what this service holds for O. And I think on the balance of probability that O would have received at least one of these letters. So, I'm

satisfied the bank did try and contact O in a reasonable manner and gave the required notice period.

I recognise that O says that 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 part of their complaint. I also acknowledge that C says their assets were seized but I'm not persuaded that's the case. I say this because I've seen that the funds held in their account were returned by cheque on 22 October 2022. And C has shown they received these funds as they provided us with this evidence.

O says they were caused further losses because Barclays gave them incorrect information about reopening their account. But I'm not persuaded that the bank caused the losses O say they incurred. I say this because, although O was told in error that their account could be reopened, Barclays identified it had made a mistake within a couple of days of giving O misinformation. I think it's likely O would always have incurred some time without an account whilst Barclays opened them a new one, and they did also have the option to look elsewhere for an account. As I haven't seen any evidence that the incorrect information delayed the bank's account opening process, I think Barclays' apology and offer of £150 compensation is enough to put things right.

My final decision

Barclays Bank UK Plc has already made an offer to pay O £150 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 £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 4 March 2024.

Jenny Lomax
Ombudsman