

## **The complaint**

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

The complaint is brought on P's behalf by their director, Miss C.

## **What happened**

P held a business current account with Barclays which was opened in 2010.

P told us:

- In early 2021, they changed business address. They tried to change the address registered with the bank via their online banking numerous times, but it wouldn't update, so they had to travel to a branch instead and it still wasn't done correctly.
- They tried to provide the information requested by Barclays but was unable to do so as their online banking wouldn't accept this.
- In early November 2022, their account was closed by Barclays without warning. This meant Miss C had to pay the company's bills from her personal account and they weren't able to pay her salary.
- They had to open an account with another bank and the fees were much higher. They'd also incurred significant call costs due to long call times to speak to Barclays.
- They'd now received the money in the account back from Barclays, but it had taken over seven weeks to get this back, so the company hadn't been able to trade properly during that time.

Barclays told us:

- It undertook a 'Know Your Customer' ('KYC') review in February 2022. It didn't receive the required information from P, so it had closed their account in November 2022.
- It appeared that P had updated their address with the bank in early 2021, when their debits cards and other information was updated, and the details were also updated on Companies House. However, the address update hadn't been done correctly for P's current account or correspondence address.
- As P's correspondence address hadn't been updated, they didn't receive any of the KYC information requests which it had sent, and P hadn't been able to change details or provide the outstanding information through their online banking.
- It agreed there had been a bank error and offered P £85 for the inconvenience, along

with £10.10 interest for the credit balance which had been held in the account from the time of closure until the balance had been credited to Miss C's account. It had offered to reopen P's account if the company wanted it to do so.

- As the complaint had been raised by P, it couldn't compensate Miss C for the distress and inconvenience caused to her personally. It also wouldn't pay compensation for damage to reputation, loss of business or opportunity in line with account terms and conditions.

Our investigator recommended the complaint be upheld. He said that because the bank didn't update P's address correctly, they hadn't received the KYC review notifications or the notice to close letter, so it wasn't fair for Barclays to close their account. He also thought Barclays should increase the compensation payable to £150, pay 8% interest on the funds that P didn't have access to, and refund the account fees that P had incurred from the date of closure to the date Barclays agreed to reopen the account. However, he said he couldn't award compensation to Miss C for using her own funds as it was P's complaint not hers. P didn't agree. They said the investigator hadn't considered the impact on Miss C's finances whilst P hadn't had access to their account or funds for seven weeks. So, they didn't think the compensation was enough and asked for an ombudsman to review their complaint.

I issued a provisional decision on 22 January 2024. I said the following:

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 to uphold it. I'll explain why.

Both parties agree with the circumstances that lead to P's complaint so as that's not in dispute here, I'll focus on the how the Bank needs to put things right. I can see Barclays has offered to pay £85 compensation for the inconvenience and £10.10 for the 8% simple interest. But I don't think that's enough.

Firstly, I need to be clear that I can't consider the impact to Miss C personally. I recognise this was an extremely difficult time for her as she needed to keep things running for P. However, this complaint has been brought on P's behalf, so P is the eligible complainant. This means that I can't look at any distress or inconvenience caused to Miss C in a personal capacity. I can see that Miss C has also asked about bringing a complaint in her own name, but I'm sorry to disappoint Miss C as I still couldn't consider a complaint from her personally about what's happened here as it's P's account that was closed not Miss C's. As P is a company, it also can't be caused distress, which means I can only look at the inconvenience caused to them by Barclays actions.

P has told us that it was caused inconvenience because before their account was closed, their director had to spend time trying to upload information onto their online banking as requested by Barclays. However, due to the bank's error, this couldn't be provided despite repeated efforts. Their director also had to attend a branch to update this information which still wasn't done correctly. Then their account was closed without warning, its director had to spend significant periods of time opening a new account (which is costing them more in monthly fees), moving regular payments, and contacting customers and suppliers who used that account. Their director also spent significant periods of time trying to contact Barclays on the phone, through being on hold repeatedly. As their director is the only employee, this has had a significant impact on the business, and this is on top of their loss of funds for over seven weeks whilst Barclays processed the account closure.

Given the circumstances of the complaint, I think the impact that P has described is likely. I think the key thing here is that P weren't aware of the account closure, so they had no opportunity to put anything in place to mitigate the impact and had no choice but to take the actions they have described to keep the company running. They also couldn't delay taking these steps or delegate them to someone else as Miss C is their only employee, so the impact was always going to be severe on a company like P.

On that basis, I think Barclays should pay P £300 compensation for the inconvenience caused along with 8% per year simple on the balance of their account from the time their account was closed until they received their funds. I also think that Barclays should refund P the difference in the bank charges between the Barclays account and their new account, for the period the account was opened until Barclays said it would reopen P's account on the same terms as before.

I invited P and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays accepted the decision and had nothing further to add. P said they'd received the provisional decision, but they didn't say whether they agreed or disagreed with the decision.

### **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, as Barclays responded to say it accepted the decision and had nothing further to add and P hasn't responded with any further information, I see no reason to reach a different conclusion. So, this decision confirms the findings set out in my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I intend to instruct Barclays Bank UK Plc to:

- Pay P interest on the balance of their account when it was closed until the funds were recredited to their account at 8% per year simple.
- Refund P the difference in the bank charges between the Barclays account and their new account, for the period the account was opened until Barclays said it would reopen P's account on the same terms as before
- Pay £300 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 5 March 2024.

Jenny Lomax  
**Ombudsman**