

## The complaint

A company, which I will refer to as C, complains that Barclays Bank UK Plc wrongly closed its bank account.

## What happened

Barclays carried out a Know Your Customer (KYC) review of C's account. The bank requested information from C, but ultimately considered that it had not received the information it needed. It wrote to C on 7 July 2023 giving 15 days' notice that it intended to close C's account, and then closed the account on 21 July 2023.

C's representatives complained on its behalf. Briefly, they said that C is part of a group, and that they have been co-operating with Barclays' KYC process on behalf of the group as a whole. They said they were extremely reactive to all of Barclays' correspondence, but were repeatedly told to ignore automated notifications whilst KYC was in progress. They also said there were multiple banking errors, with the bank sending correspondence to the wrong address. The last piece of correspondence they received on C's account before the closure was a letter explaining they would be told if the account was going to be closed.

One of our investigators looked at this complaint. He was broadly satisfied with much of the evidence Barclays provided, particularly with regards to the addresses the bank had written to and its procedures for checking signatures. However, ultimately he said he thought the bank was wrong to close C's account with only 15 days' notice. To resolve the complaint, he said Barclays should reopen C's account, pay £200 in compensation, then check the information it had received in respect of the other companies associated with C and clearly list any further information it needed to complete its KYC review for C.

C's representative accepted our investigator's findings, but Barclays did not. It referred to the terms and conditions of C's account, which said:

"We can close an account (and stop providing any services and end this agreement) by giving you at least two months' notice...

We may also end this agreement immediately or on less notice (and stop providing services and close your account) if ...we have reasonable grounds for thinking you have ...put us in a position or give us an instruction where we might break a law, regulation, code or other duty that applies to us if we maintain your account, or we reasonably believe keeping your account open exposes us or another Barclays company to action or censure from any government, regulator, or law-enforcement agency or may damage our reputation."

(The terms go on to list other circumstances in which the bank can close a customer's account immediately, which include but are not limited to the customer committing fraud, using the account for illegal activity, and abusing the bank's staff.)

The bank said that since KYC is a regulatory requirement, that section of its terms and conditions allowed it to close C's account with less than 60 days' notice.

## **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, there is very little I can add to what our investigator has already said.

I am aware that there is a dispute between Barclays and C as to the extent to which C has co-operated with Barclays KYC review. It's clear that C's representatives have attempted to co-operate, and it is also clear that they have found some of the information they received from Barclays confusing. But I'm satisfied that I don't need to make any findings as to what exactly happened before 7 July 2023 in order to fairly determine this complaint.

I accept that, as at 7 July 2023, Barclays did not have the information it needed about C. But regardless of whose fault that was, I don't think it was reasonable for Barclays to have given C only 15 days' notice that it intended to close C's account (and I would have said that whether or not Barclays had actually given the full 15 days of notice).

Barclays' terms and conditions say that it will usually give two months' notice before closing an account. The terms do allow Barclays to close an account with less notice (or even immediately) in some circumstances, but I am not satisfied that those circumstances apply here. In any event, whilst the terms and conditions of C's account with Barclays are a relevant consideration, ultimately I must decide this complaint on the basis of what I consider is fair and reasonable in the circumstances. I accept that the KYC review is a regulatory requirement, but I see no reason why Barclays could not have given C 60 days' notice before closing C's account. Overall, I don't think Barclays has treated C fairly.

## **Putting things right**

Our investigator suggested that a payment of £200 would represent fair compensation. I agree. I don't think C has suffered financial loss as a result of the closure of its bank account, and I note that the closing balance of the account was relatively low. However, the unexpected closure of the bank account – with very little notice – will inevitably have caused inconvenience to C. I think a payment of £200 would be fair compensation for that inconvenience.

Our investigator also recommended that Barclays re-open C's account, but I don't know if its representatives still want to continue to bank with Barclays. If C's representatives accept my decision, then I ask them to also tell us whether they want the company's Barclays account to be reopened.

If C's representatives no longer want the account, then Barclays should simply pay C £200. If they do want the account, then Barclays should reopen the account in addition to paying £200. Barclays should also write to them to specify exactly what information it needs to complete its KYC process. C's representatives should be aware that if they fail to provide that information within a reasonable time, the bank may close the account again. If there are any further disputes about the account or Barclays' KYC process, it may be open to C to bring another complaint to the Financial Ombudsman Service.

If C's representatives do not accept my decision, then it will not be binding on either party and Barclays will not be required to do anything.

**My final decision**

My final decision is that I uphold this complaint and order Barclays Bank UK Plc to compensate C as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 29 August 2024.

Laura Colman  
**Ombudsman**