

## The complaint

Mr G complains that Barclays Bank UK PLC incorrectly closed the bank account he used for his sole trader business, which I'll refer to as B, without warning.

## What happened

B has banked with Barclays for over 33 years. In early November 2022, Mr G tried to access B's account via the Barclays mobile banking app, however the business account was no longer visible on the app.

As such, Mr G called Barclays who said the account had been closed. Barclays said they had written to Mr G asking him to provide some information, but they had had no response from him, so the account was closed on 8 November 2022 in line with their process.

Mr G complained to Barclays who sent three final response letters to him all addressing slightly different issues. Their letter dated 30 November 2022 addressed the account closure. Barclays said they notified Mr G about the outstanding information they required to complete the Know Your Customer (KYC) checks on B's account, but as he never responded, they closed B's account in November 2022. They also provided information about how Mr G could open a new business account.

Shortly afterwards, Barclays transferred the closing balance of B's account to Mr G's personal account without his consent, so a further complaint was logged on B's behalf.

On 15 December 2022, Barclays sent a second final response letter to Mr G in which they apologised for moving the closing balance of the business account to his personal account. Mr G asked for this correspondence to be sent by post and email. And although Mr G received the email, the letter was posted to another of Barclays' customers in error.

On 27 January 2023, Barclays sent their third final response letter to Mr G. In this letter Barclays touched on the closure of the account but said that this had already been covered off in a previous letter and they had nothing more to add. They also addressed the data breach that occurred with the previous final response letter and offered £200 to Mr G as an apology for their error.

Mr G was unhappy with Barclays' response to B's complaint, so he brought the complaint to our service. One of our investigators initially looked into the complaint but consequently passed the complaint to another investigator in a different department.

The new investigator separated Mr G's complaint into five distinct categories which she addressed individually. These were:

- The KYC review and in particular the lack of communication from Barclays about this
- The distress and inconvenience caused to Mr G by the closure of B's account including the unauthorised transfer of the closing funds to Mr G's personal account

- Missing payments from B's customers who paid money to the account after it had closed
- The data breach caused by Barclays when they sent their final response letter dated 15 December 2022 to another customer instead of Mr G
- Non receipt of requested statements

Following her review of the case, she said she didn't think Barclays had closed the account in error, but they were responsible for the data breach and the delay in providing the statements. As such, she recommended that Barclays should pay £300 to Mr G for the distress and inconvenience these specific errors had caused.

Mr G was unhappy with our investigator's view of the matter. He said the whole point of his complaint was to have B's account reopened as he believed Barclays had closed it in error.

He told us he was a good customer with a well-maintained account, and he felt that Barclays had closed the account as his business never bought any products or took out any loans. He said Barclays caused him severe inconvenience and distress as a result of the account being incorrectly closed and he asked for the case to be passed to an Ombudsman. So, it was passed to me for a 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, I've reached largely the same conclusions as our investigator, and for similar reasons, which I've explained below. I acknowledge Mr G feels strongly about what's happened and I assure him that I've considered everything he's said and provided to us. However, I haven't commented on every point Mr G has raised as I've focused on the matters I consider most relevant to how I've reached my decision.

#### *KYC Review*

Barclays have a regulatory obligation to hold accurate information about their customers. This includes ongoing monitoring of existing relationships which sometimes – as in this case – leads to them carrying out a KYC review.

From the information available to me, I can see that Barclays were conducting these checks on a large number of accounts held with them, and I've seen no indication that B's account was being singled out for a review.

I appreciate that KYC reviews may cause inconvenience to a customer, but that doesn't automatically mean that the bank treated the customer unfairly. And in principle, I have no concerns about Barclays' decision to carry out a KYC review of B's account. B has held an account with Barclays for over 33 years, so I don't find it unreasonable that Barclays would carry out a periodic review of the information it holds about B and Mr G. Details change and not everyone keeps their information up to date, so I don't think this was an unreasonable request from Barclays.

Although I have no concerns about Barclays' decision to carry out a KYC review of B's account, I need to decide whether Barclays treated Mr G and B fairly. So, I need to consider how that review was carried out.

I think the crux of this complaint is whether Barclays sent Mr G the letters it says it sent. And having reviewed Barclays' evidence, I think it is more likely than not that they did write to Mr G requesting specific information from him to complete their KYC review. I also think they gave Mr G the required notice that they intended to close B's account.

I say this because Barclays have provided us with evidence to show they wrote to Mr G, via a third party, in 2022 on 26 April, 17 May and 21 June. The letters sent in April and May requested information from Mr G for Barclays to complete their KYC review. The June letter explained that Barclays intended to close B's account if Mr G didn't provide the requested information within two months of the date of that letter. They said this was in line with the terms and conditions of the account, specifically Section 9 of their Business Customer Agreement.

Barclays used a third party to send the KYC letters to Mr G. This is a relatively common practise for banks to outsource this sort of task, so this is not unusual for us to see.

Barclays have provided templates of the letters it sent to Mr G as they are unable to provide us with copies of the actual letters sent to him. However, Barclays showed evidence from the third party that the letters were sent to the address it holds on file for Mr G, which is the same address Mr G provided to us on B's complaint form.

Mr G said he never received any letters from Barclays about the KYC process, but that doesn't necessarily imply that the letters were not sent. I also acknowledge that evidence that a letter was sent is not evidence that the letter was received. However, I think it is very unlikely that all of the letters were permanently lost, so on the balance of probabilities, I think it is more likely than not that Mr G did receive at least some of the letters.

I appreciate that Mr G is not satisfied with Barclays' evidence that these letters were sent, but I consider that it is sufficient.

Mr G has asked why Barclays didn't try to contact him using a different medium such as phone or email when he didn't respond to their letters. Barclays explained that as their records of customer interactions for text and emails only go back 90 days, they are unable to provide us with these communications. However, they said their usual process was to send text reminders to their customers on Days 3, 10 and 20. They've confirmed these would've been sent to the number they held on file for Mr G and I've verified that this is the same number Mr G provided to us when he contacted us about this complaint.

Although, I don't doubt that this is Barclays' process, I'm not convinced that these texts were sent as I've not seen additional evidence to back this up in the same way I have for the letters. But I don't think this matters, as I think it is more likely than not that Mr G received some of the letters.

So, I'm satisfied that Barclays did send the letters they told us they sent, via a third party, and therefore closed B's account in line with the terms and conditions of that account. As such, I won't be asking Barclays to reopen the account as I've not found that it was closed in error.

### *The closing balance*

I've already explained that I'm satisfied that Barclays fairly closed B's account in line with the terms and conditions of the account. However, Barclays transferred the outstanding balance of the account to Mr G's personal account without his permission. And Mr G was understandably worried about any repercussions of this money being transferred to his personal account.

I understand Barclays were trying to be helpful by ensuring Mr G had access to the funds from his business, but I agree that they should've spoken to Mr G before they transferred the funds.

That being said, I can't see that this action had a detrimental effect on Mr G or his business. So, I don't think Barclays need to do any more than apologise for this error, which I can see they did in their final response letter of 15 December 2022.

### *Payments*

Mr G told us some of B's customers had paid money to the closed account but none of these payments were returned. As a result, he has lost out as the goods have been supplied to the customers, but he has not received any payment for them.

Barclays have been unable to locate any payments into B's account after its closure, and there is no evidence of any payments matching the details Mr G provided to us in Barclays' rejected payments account.

However, as previously detailed by our investigator, Barclays have said that if Mr G would like their rejected payments team to conduct a further search, they are happy to do this, once Mr G provides specific information about the payments. Alternatively, Mr G can ask the originating bank to trace the payments.

So, from the information available to me, I've not seen any evidence that Barclays are withholding funds from B, and I don't uphold this aspect of the complaint.

### *Data breach*

Barclays sent their final response letter dated 15 December 2022 to another of their customers in error. The other customer notified Barclays of the data breach and Barclays subsequently made Mr G aware of what had happened.

Barclays have explained to us that the error occurred when two letters, one for Mr G and the other for the customer who received the letter intended for him, were posted in the same envelope as they had been printed at the same time.

I'm satisfied that this was an administrative error and that it wasn't caused by Barclays having the incorrect address on file for Mr G. I don't think it is connected to the other letters about the KYC process that Mr G says he didn't receive, and I think it is likely the other customer would've contacted Barclays sooner if that was the case - bearing in mind how quickly that customer contacted Barclays when they did receive the final response letter intended for Mr G.

Barclays apologised to Mr G and offered him £200 compensation as an apology. I think this is a fair and reasonable amount to apologise for the distress Mr G experienced as a result of his data being inadvertently shared with another customer. So, I will be asking Barclays to pay the £200 to Mr G.

### *Statements*

Mr G told us he made numerous requests to Barclays for current account statements from the closed account which Mr G required to complete his tax and VAT returns.

Barclays provided savings account statements, but these weren't what Mr G requested or required.

I've seen evidence of Mr G's requests, but I've not seen any evidence to explain why Barclays delayed providing these statements, or that they kept Mr G up to date with why his request was delayed.

Mr G told Barclays that this error resulted in a '*huge surcharge from HMRC*', however he hasn't provided us with any evidence that he incurred any penalties or fines due to this delay. Nonetheless, I agree that the delays caused him inconvenience and distress and as such, I think the £100 our investigator suggested is a fair and reasonable amount of compensation to reflect this delay.

### **Putting things right**

There were times when Barclays' customer service fell below the standards we would expect to see and there have been some administrative errors which have likely heightened Mr G's distress and the inconvenience to him. As detailed above, Barclays should pay a total of £300 in compensation to Mr G to reflect this distress and inconvenience.

Having said that, I'm satisfied that Barclays wrote to Mr G several times, at the address they had on file for B, but didn't receive a response. Barclays therefore closed B's account in line with the terms and conditions of that account. I consider that Barclays were entitled to close B's account, and I think they acted fairly in doing so for the reasons I've detailed above.

### **My final decision**

I uphold this complaint in part, and I direct Barclays Bank UK PLC to make a payment of £300 to Mr G to reflect the distress and inconvenience the delayed statements and data breach caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 April 2024.

Tara Richardson  
**Ombudsman**