

The complaint

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

What happened

Barclays told us:

- It was carrying out a Know Your Customer (KYC) review of O's account, and requested that the partners provide information to help it complete that review.
- The partners provided the information that it requested – but an administrative error on its part meant that O's account was closed before it had considered all of that information.
- It then delayed reopening O's account, and further delayed restoring the partners' access to online banking. The partners' complaint is fully justified, and it is sorry.
- To recognise the trouble and upset caused by the closure, it paid £950 to O's business account. It also sent a hamper with its apologies.

O's partners told us:

- Barclays closed O's account without notice on 1 November 2023, and it then took 24 days to get the account reopened.
- Barclays claimed that it required information from the partners – but the partners provided that information numerous times, only for the bank to say the information was either lost or not received in the first place.
- The closure of the account caused them significant difficulties. They were unable to pay bills, their direct debits were cancelled, and they were unable to provide services to their community as usual. They were concerned that they would be unable to pay staff wages, and suffered stress as a result.
- Although Barclays has admitted its error, the compensation it has provided (£950 and a hamper) does not reflect the severity of the distress and inconvenience caused. They consider that Barclays should pay £8,700 to compensate for staff time, telephone calls, and administration costs, and they sent the bank an invoice for that amount (charging out their time at £100 per hour).

One of our investigators looked at the complaint and upheld it in part. She thought £950 was fair compensation for the distress and inconvenience the partners had suffered, but she also thought Barclays should pay interest, at a rate of 8% per year simple, on the balance of the account for the period that O's partners did not have access to their account. She initially

thought that period was 24 days, but Barclays later provided evidence to suggest that the partners lost access to their account for 22 days.

Barclays accepted our investigator's recommendations (subject to its comments about the 24 / 22 day issue), but O's partners did not. They said their £8,700 invoice showed the time and cost O incurred as a result of the closure, and that Barclays should pay that invoice.

My provisional decision

I issued a provisional decision on this complaint in September 2024. I said:

"This dispute is now wholly about compensation. Barclays accepts that it was wrong to close O's account, but it says that the compensation it has already paid – together with the compensation it offered after corresponding with our investigator – is sufficient. O's partners strongly disagree.

My aim here is to put O in the position it would have been in if Barclays had not closed the account at the centre of the dispute. That means I need to look at the impact Barclays' mistake had on O.

If O's partners had barely used the bank account, and hadn't even noticed that it had been wrongly closed, then the impact – and hence the compensation – is likely to have been minimal. But that is not the situation here. The partners' evidence makes clear that the account was very important to them, and they noticed that it had been closed very quickly indeed.

I think our investigator was right to suggest that Barclays pay interest on O's money during the period the partners did not have access to it. Barclays' evidence is that the balance of the account was £87,589.62, and that the partners did not have access from 31 October 2023 to 21 November 2023 – a period of 22 days. Interest at rate of 8% per year simple would lead to a payment of £423.65, which would be subject to tax. (Interest at 8% simple over 24 days would lead to a slightly higher payment of £460.75, but I do not intend to award the higher amount unless the partners can show me that Barclays' evidence is incorrect as to dates or amounts.)

I have carefully considered the partners' evidence, but I have not seen anything that persuades me that O has suffered financial losses in excess of £423.65.

I accept that there are some circumstances in which partners will have to spend so much time dealing with a bank's mistake that the partnership's overall income is reduced. But I haven't seen evidence that that has happened here. The partners have explained that they had to cancel some appointments, but my understanding is that O is not paid per appointment – which means the cancellations will not have directly caused a financial loss. I also accept that O's partners and staff will have had to spend time writing to and telephoning Barclays, but again I have not seen evidence that the partnership has lost income as a result.

I have seen the partners' invoice, but Barclays is not their customer and so I do not accept that their hourly rate is relevant to the financial loss the partnership has suffered.

Barclays' mistake will however have caused O's partners to suffer distress inconvenience as well as financial loss. We publish information about our approach to such awards on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

As our website explains, we do not usually consider a complainant's hourly rate when considering compensation for distress. But we do consider whether the impact of a bank's mistake has caused substantial distress, upset or worry. We also consider how long the impact lasted, and how serious it was. Here, the matter was resolved relatively quickly, and certainly within a month. But the impact was serious, with the partners unable to use their bank account at all.

Barclays has already paid the partners £950 for distress and inconvenience (as well as sending a hamper). In light of our guidance, I don't think it would be fair for me to order Barclays to pay anything more in respect of distress or inconvenience."

Neither party provided any further comments in response to my provisional 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 have come to the same conclusions as I did in my provisional decision, for the same reasons. I therefore confirm my provisional conclusions as final.

Putting things right

Barclays must pay O interest at 8% simple on the balance of O's closed account for a period of 22 days.

My final decision

I order Barclays Bank UK Plc to pay compensation to O as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 13 December 2024.

Laura Colman
Ombudsman