

The complaint

A company, which I will refer to as C, complains that Barclays Bank UK Plc failed to properly process a change of mandate request – with the result that C’s directors could not access C’s money for several weeks.

Mrs T, one of C’s directors, complains on its behalf.

What happened

One of our investigators looked at this complain. Briefly, she said:

- In January 2023, Barclays received two requests to change the mandate for C’s bank account (one request to remove a retiring director from the mandate, and a second request to add a newly appointed director). Barclays did not process these requests, because C’s account required dual authorisation for any changes and the requests were only signed by one person.
- She noted that Barclays had the opportunity to give C clear information about how to change the mandate on 27 January 2023, but she didn’t think the bank took that opportunity. If it had done so, she thought C’s directors would have correctly completed the mandate form and identify verification process on 27 January 2023 (rather than on 7 February 2023, the date they actually completed the forms).
- She didn’t think Barclays had made any errors in carrying out its Know Your Customer (KYC) review. She said that Barclays is entitled to write to any of C’s directors in respect of a KYC review, so she couldn’t say it had done anything wrong in writing to one director rather than another. Barclays did not receive the information it had requested within the timescales it gave, so she thought it was fair for Barclays to apply restrictions preventing C from applying for any new products.
- As at January 2023, Barclays’ systems showed that Mrs T’s mother’s maiden name was identical to Mrs T’s married name. However, that was not true – and Barclays knew that it wasn’t true, because there was evidence that Mrs T had provided her mother’s actual maiden name to another member of the Barclays group in 2012. The bank later accepted that the discrepancy over Mrs T’s mother’s maiden name was the result of an IT error at Barclays, and was not in any way Mrs T’s fault.
- The issues surrounding Mrs T’s mother’s maiden name meant that Mrs T twice failed security when attempting to speak to Barclays in February 2023. Mrs T said that Barclays had advised her to lie about her mother’s maiden name, but our investigator said she had listened to the relevant calls, and she had not heard any such suggestion. However, our investigator thought that Barclays should have done more to help Mrs T. It should have found another way to complete security with her, and once it discovered the error it should have corrected Mrs T’s mother’s maiden name on its records without asking Mrs T to take any further action.

I understand that both Barclays and C's directors broadly accept our investigator's findings about what happened (although Mrs T has expressed surprise that our investigator did not hear Barclays suggest that she lie about her mother's maiden name). This dispute is now primarily about the appropriate level of compensation:

- C's directors initially asked for £1,000, based on two days of work at a rate of £250 a day, plus loss of business, the cost and time of making telephone calls, and the impact on the director's mental health.
- Barclays offered to pay £400 to recognise the fact that it had "let [C] down in various servicing aspects throughout [C's] customer journey".

Our investigator recommended that Barclays pay a total of £750 for the customer service issues. She calculated that as: £250 for Barclays' delays in updating the mandate, providing misinformation to one of the directors, and causing the directors to have to make an unnecessary branch visit; £100 for the issues surrounding the maiden name of one of the directors; plus the £400 Barclays had already offered for poor customer service. She also said Barclays should pay interest at 8% per year simple on the balance of C's account between 27 January 2023 and 20 February 2023.

C's directors said that in principle they were prepared to accept our investigator's recommendations for financial compensation, but they also wanted Barclays to provide a letter of apology.

Barclays did not accept our investigator's recommendations. It said that the £400 it had already offered took into consideration all the elements the investigator mentioned, and that the amount our investigator was asking it to pay was considerably more than our service usually awards in circumstances like these.

The investigator was unable to mediate an agreement between the parties, so the matter was referred to me.

My provisional decision

I issued a provisional decision on this complaint on 12 May 2024. I said:

"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 don't agree with our investigator's opinion. I think her recommendations effectively ask Barclays to compensate C for the same loss twice. When Barclays' made its £400 offer, it did so in part because "the amount of time [C's directors'] have spent trying to resolve the mandate change isn't acceptable". As a result, I don't think it would be fair for me to endorse her recommendation of £250 for Barclays' delays in updating the mandate *plus* the £400 Barclays had already offered.

However, I also disagree with Barclays' claim that its £400 offer took into account all the customer service failings that our investigator had identified. When it made that offer, its position was that it had not made an error in relation to the director's maiden name – and so it cannot have intended the £400 to compensate C for those issues. I think Barclays should pay some additional compensation for the impact of its errors regarding Mrs T's mother's maiden name. However, I also think the impact of those errors was relatively minor, and that our investigator's suggestion of £100 for that issue is fair.

I have also considered the issue of financial loss. Our investigator thought that if everything had happened as it should, C's directors would have completed the relevant mandate forms on 27 January 2023 rather than 7 February 2023. She therefore said that Barclays should pay interest on the money in C's account from 27 January 2023 until 20 February 2023 (the date the mandate issues were resolved, and C's directors were able to access C's money). But I don't think it would be fair for me to hold Barclays solely responsible for the directors' difficulty in accessing C's money over that period.

At the beginning of January 2023, the mandate on C's bank account was "two to sign". That would have been a choice made by C, rather than imposed by Barclays. I think C's directors should therefore have been aware that two people would need to authorise any instructions to Barclays. I think it would have been helpful if Barclays had been clearer about its process on 27 January 2023, but I haven't seen any evidence that Barclays actively misinformed C's directors.

C's directors gave valid instructions to change the mandate on C's account on 7 February 2023, and the amended mandate was in force with effect from 20 February 2023. That was within Barclays' estimate of 10 working days for confirmation of the new mandate.

I accept that Barclays could have been more proactive, but I don't think it would be fair to hold it responsible for any financial losses C suffered as a result of the mandate issues. Barclays has already offered to pay compensation for the inconvenience C suffered because of the delays, and I think the amount it has offered is fair.

Finally, I have considered C's directors' request for a letter of apology from Barclays.

I am not certain precisely what the directors want Barclays to say. I can see that a member of Barclays' staff wrote to one of the directors on 19 April 2023 to say "as an extension of how sorry I am for the distress we've caused, I offered you £400, although I understand financial recompense doesn't replace the poor service we've provided". In my view, that was itself a letter of apology (although it did not apologise for the issues surrounding Mrs T's mother's maiden name).

I regret that C's directors do not wish to accept the apology Barclays has already provided, but given that Barclays has already apologised once I don't think it would be reasonable for me to require it to apologise again.

However, whilst I do not intend to *order* the bank to write a further letter of apology to C and its directors, I would like to *invite* it to do so. If C's directors have any strong feelings as to what should be included in an apology letter, they may give details in their response to this provisional decision. We will then pass their comments to Barclays, and it will be for Barclays to decide what – if anything – it wishes to say in any letter that it issues."

Both parties confirmed receipt of my provisional decision. Barclays said that it accepted my provisional findings. Mrs T reiterated that Barclays had told her to lie, but she did not provide any new evidence.

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 now confirm those provisional conclusions as final.

Putting things right

Overall, I consider that a fair and reasonable outcome to this complaint would be for Barclays to:

- Pay C £400 to compensate it for the inconvenience caused by the issues Barclays identified in its final response letter of 19 April 2023;
- Pay C a further £100 to compensate it for the inconvenience caused by Barclays' mistakes surrounding Mrs T's mother's maiden name; and
- If the bank has not already done so, it should also amend its records to show the correct maiden name for Mrs T's mother – without requiring Mrs T to visit a branch or take any other action.

My final decision

My final decision is that Barclays UK Plc must 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 27 June 2024.

Laura Colman
Ombudsman