

## **The complaint**

A partnership which I'll call 'C' complains that Barclays Bank UK PLC treated them unfairly when it closed their account in error.

The complaint is brought on C's behalf by one of the partners, Mr C.

## **What happened**

C held a business current account with Barclays.

C told us:

- Barclays had requested information from them which they had provided. They'd received confirmation from the bank on 31 January 2023 that their account had been updated.
- Their account was suddenly closed without warning on 9 February 2023. Barclays agreed that it had made an error and reopened the account on 24 February 2023.
- However, because their account had been closed, their regular payments had been returned and they hadn't been able to trade as they couldn't receive income or make any payments.

Barclays told us:

- It had undertaken a Know Your Customer ('KYC') review for C in March 2022 and requested further information from the partners.
- C had engaged with it and returned some information, but it had needed to confirm some further points. It had spoken to Mr C about this additional information at the end of July 2022, and the partnership's mandate information had been provided in November 2022.
- However, in August 2022, it had started a separate KYC review and requested other information from C. When this hadn't been received, a notice to close had been issued in November 2022 – which is why the account was closed in February 2023.
- It recognised that when C received the confirmation that their mandate issues had been resolved in January 2023, that the partners likely believed they had provided all the information it needed.
- It accepted its process and communication with C could have been better and apologised for the error. However, when Mr C had complained, he said that all he wanted to resolve the complaint was for the account to be reopened, which it had done on 27 February 2023.

Our investigator recommended the complaint be upheld. He said that C had engaged with Barclays' KYC review, and the bank accepted it was likely the partners thought they'd already provided the required information. He acknowledged Barclays had reopened C's account, but thought it should pay £200 for the inconvenience caused as the partners hadn't been made aware their account would be closed.

Barclays accepted the investigator's opinion, but C didn't. They said £200 wasn't enough compensation for the disruption caused to the partnership. They said they'd spent hours trying to contact Barclays and the third parties who had credits or payments from their account. They also said they'd incurred reputational damage and their credit score had been affected so they thought £8,720 was a fairer compensation amount.

I issued a provisional decision on 29 February 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, my provisional view is that Barclays should pay C £500 for distress and inconvenience, as well as interest for the period they didn't have access to their money. I'll explain why.

Both parties agree with the circumstances that lead to C's complaint so as that's not in dispute here, I'll focus on the how the bank needs to put things right. Barclays said that the partners only asked for their account to be reopened as resolution to their complaint. But C told us that they've been caused inconvenience as well as other losses which they want compensation for. And I think it's fair that Barclays should compensate the partners for what's happened.

Firstly, I just want to make clear that our service doesn't award losses based on an hourly rate. We look at complaints holistically and consider the overall impact on a business. I can see that C's account was closed on 9 February 2023, and it wasn't reopened until 27 February 2023, so the partnership didn't have access to their account balance of around £60,000 for nearly three weeks. C told us they were caused inconvenience as they weren't able to trade during that period, and they were also caused reputational damage and their credit score was affected. They've told us they had no other access to funds for that period, and I think it's fair that Barclays pay C interest at 8% simple for the time that they were without the use of these funds.

I asked the investigator to explain to C that I was happy to consider their additional losses if they could provide evidence to support their position. C told us that they didn't have any evidence, but said they'd spent around 22 hours contacting the companies affected (C has provided a list of their 20 regular payments from their account). I acknowledge Mr C is frustrated that we have asked for evidence and that he feels this shows the inadequacy and bias of our service. However, as we have explained to Mr C, we are an impartial evidence-based service and can't make an award for losses simply because one party says that's what they have incurred or provide an amount which they believe they should be compensated for. Here, I am satisfied that C has had the opportunity to provide me with the evidence they wish to submit. Having considered that evidence carefully, I have not seen enough to persuade me that Barclays caused the losses C said they have incurred.

I've seen evidence of the companies that C said they needed to contact and based on this, I'm not persuaded that C spent the amount of time calling them that they've said. I say that because, C has provided details of around 20 regular payments, several of which are to the same company, and they've also included the time spent calling

Barclays. However, Barclays has a legal and regulatory obligation to meet and needs to ensure that the information it holds for its customers is accurate. So, I think it's reasonable that C would always have had to make the calls to the bank to provide the outstanding KYC information and I don't think it's fair to include that as part of the inconvenience caused to C. But I do acknowledge that C did have regular payments on the account, so I'm satisfied it would have taken a reasonable period of time to call these companies, along with any merchants, suppliers and customers linked to their business.

Mr C has also told us that the partners were caused distress and inconvenience as a result of the bank's actions. They said they were extremely concerned about the impact the account closure had on the business, their reputation and their credit information from their payments being missed. Given the type of business that C operates in, I think their concerns were reasonable. They also didn't have an account elsewhere so had no money for day to day living expenses. Therefore, I think Barclays should pay C £500 for the distress and inconvenience caused to the partnership."

I invited C and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays didn't accept the provisional decision as it thought the proposed compensation for inconvenience was higher than we'd recommended in other decisions from our service. C 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.

I acknowledge Barclays' comments about the compensation award for inconvenience. However, my role is to look at the impact caused to C as the complainant here, as well as the circumstances of this complaint.

As we explain on our website, the same mistake could have a different impact on different people. So, we might award different amounts in similar cases. Barclays referred me to one of my colleague's final decisions, and I confirm that I have read and had regard to that decision. But I want to stress that we consider each complaint on its own merits. In addition, the degree of inconvenience suffered by a customer is not solely determined by the length of time they are without access to their account; we also need to take into account the consequences of that lack of access.

The precise impact of Barclays' mistake on C is unique to C. C's complaints may have similarities with other complaints – and in particular to other complaints about the closure of an account following a KYC process – but it is my view that the facts of this complaint are materially different to the facts of the other complaint Barclays referred to. In particular, in this case C's partners were left without funds to cover day-to-day living expenses. I remain satisfied that £500 represents fair compensation for distress and inconvenience in the individual circumstances of this complaint, for the reasons I gave in my provisional decision.

I have considered Barclays response, but it hasn't persuaded me to change my mind, and therefore I see no reason to reach a different conclusion to my provisional decision. So, this final decision confirms the findings set out in my provisional decision.

### **My final decision**

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

- Pay C £500 compensation for the distress and inconvenience caused.
- Pay C interest at 8% simple on the balance of their account for the time they were without the use of these funds (three weeks approximately).

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 12 April 2024.

Jenny Lomax  
**Ombudsman**