

The complaint

I a limited company complains Barclays Bank UK PLC closed its account without warning and provided poor service.

I is represented by its director – Mr P.

What happened

I held a Euro account with Barclays. As the account had been inactive for over 18 months – with the last transaction on record being July 2021 – Barclays reviewed the account. Following this review, it issued I a notice in January 2023 that the account would close in April 2023 if no action was taken with the account.

Barclays says no response was received the account was made dormant – this means the account was restricted and couldn't be accessed online or using the mobile app. The account also would be unable to accept any payments in or out.

Mr P contacted Barclays in late April 2023 regarding the account. At this point Mr P was offered a new Euro account rather than reopening the existing account. Mr P didn't accept this option and began the process to reclaim the funds held within the account. Mr P provided the necessary information and was informed on 10 July 2023 that no funds remained in the account. However, this letter was incorrect as Mr P's query had been logged under his personal name rather than under I, the limited company.

Mr P raised a formal complaint about the handling of I's account. Mr P explained the account had been unfairly closed and he was given unclear and inconsistent information by Barclays. In its review issued on 3 June 2023 Barclays explained that the account had been closed fairly given it hadn't been used for some time and Mr P was informed of the pending closure. However, Barclays accepted Mr P was given incorrect information as his account could've been reactivated. Barclays apologised for the impact of this and offered I £75 in recognition of the inconvenience caused.

Mr P remained unhappy with the review carried out by Barclays and referred his complaint to this service. In his complaint Mr P highlighted the impact Barclays' actions had on I – a large incoming payment couldn't be received, and a sterling account was used instead, resulting in additional costs. Mr P also highlighted the time and inconvenience the matter caused to I which had a negative impact on the business.

An Investigator reviewed the complaint and in summary, made the following recommendations:

- Barclays contacted I to explain the account would become dormant. However, Mr P did contact Barclays in April 2023 and the account still became dormant, which shouldn't have happened.
- Barclays' actions did impact I – but it doesn't need to cover the costs to the extent outlined by Mr P. For example, it didn't need to cover the costs of I running its business from a sterling account.

- Barclays should release I's funds and apply 8% simple interest on the full balance from the date I's access to the funds was restricted to the date they are released to I.
- Barclays should also pay £400 in recognition of the poor service and unclear information received by I.

Barclays accepted the Investigator's view and recommendations and also offered to reopen I's euro account. Mr P disagreed and explained he was told multiple untruths by Barclays. Mr P says he didn't refuse to have the account reactivated, rather he was told this wasn't possible. Mr P says the £400 compensation fails to adequately compensate I given the time spent trying to resolve the issues. Mr P also explained 8% interest should be applied to the incoming payments I had to manage in different accounts and suitable compensation should be in the region of £3,500.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final 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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr P and Barclays have said, before reaching my decision.

Firstly, I've considered Barclays' decision to close I's account. It is common for banks such as Barclays to have their own dormancy process. In general, there is no set time a bank or building society must use to determine that an account is dormant – there is only industry guidance and good practice. Barclays has explained that its policy is that when a business currency account had been inactive for 18 months or more, to reduce risk of fraud and comply with its regulatory duties it will make a decision to make the account dormant. In I's case as there was a balance on the account it contacted Mr P to explain action needed to be taken in order for the account to remain open. Based on the information I've seen I think Barclays acted reasonably in beginning the dormancy process.

It's not in dispute that the key issues occurred after this decision had been made. Barclays accept that its service fell below reasonable standards and Mr P was provided with inconsistent and unclear information. Therefore, the key issue for me to consider is the impact these issues had on I.

Firstly, I must highlight that Barclays' customer in this situation is I – because this is I's business account, and I is a limited company. This means I is a separate legal entity so I can only make an award for any inconvenience I experienced because of Barclays' errors. I appreciate the dormancy of the account had an impact on Mr P directly – but I am not able to consider the distress caused to him in a personal capacity.

With that in mind, I've looked at the losses claimed by I in response to Barclays' offer, in order to establish what losses I has suffered, if any, that wouldn't be compensated for by 8%

interest and the £400 inconvenience payment. And having done so, I won't ask Barclays to increase this amount. I will explain why.

Mr P has referred to the numerous instances he was told incorrect information by Barclays. I can see that when Mr P contacted Barclays the next steps for the account weren't made clear. Mr P says he was repeatedly told the account couldn't be reopened which Barclays has confirmed wasn't the case. Following this Mr P began a reclaim process for funds held within the account, but he was incorrectly informed the balance was nil. I can appreciate Mr P's frustration at the repeated errors at this stage. In circumstances such as these we would expect a business to acknowledge the errors and offer compensation – which is what Barclays has done here.

As well as the poor service, Mr P has detailed the financial impact on I. Mr P has referred to incoming payments, which weren't able to be made into P's euro account with Barclays. Mr P says P has incurred losses due to the payments being made to a sterling account and I has generally had issues accessing funds. I've thought carefully about Mr P's comments in light of the timeline of events. It was apparent when Mr P was in touch with Barclays in April 2023 that the account wasn't fully operational. In circumstances such as this – where there is a business issue or error – there is an expectation that a customer will try and mitigate losses. Mr P arranged for payments to be made to alternative account and although this caused additional inconvenience, I don't think it warrants compensation at the level Mr P has outlined. I must also highlight that Mr P was provided the option of opening a new euro account with Barclays whilst the matter with I's existing account was reviewed. I think this was a reasonable offer by Barclays, and it would've helped limit the issues Mr P has outlined.

Mr P seeks £2,000 for the time he spent dealing with the issues that arose following Barclays' decision to make I's account dormant. I agree Mr P had to spend time and effort rearranging matters and dealing with Barclays. However, I don't consider compensation at the level Mr P seeks appropriate. Although this was an account for I, I can't see that it was its main account for its day-to-day business. Further, in the months leading up to the dormancy the account hadn't been utilised for payments in. As such, I don't consider the impact to be so extensive that the compensation needs to be increased.

The Investigator recommended Barclays pay Mr P £400 to recognise the inconvenience caused to P. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In I's case I've considered the timeline of events, and actions I had to take, and I'm satisfied the £400 compensation award in total alongside the 8% simple interest for being deprived of funds recognises the inconvenience caused.

I know this my proposed outcome is not what Mr P was hoping for, but I hope it provides some clarity around why I won't be increasing the compensation recommended by the Investigator.

Putting things right

Barclays Bank UK PLC should put things right put things right as outlined:

- Release I's funds (if not already done so) and pay 8% simple interest on the full balance from the date I's access to the funds was restricted until the date of the refund.

- Pay P £400 compensation for the inconvenience to I.
- Reactivate I's euro account - should Mr P wish to have one with Barclays.

My final decision

I uphold this complaint. Barclays Bank UK PLC should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask I to accept or reject my decision before 6 March 2025.

Chandni Green
Ombudsman