

The complaint

A charity, which I will refer to as C, complains that Barclays Bank UK Plc closed its account without notice.

What happened

Barclays told us that it was carrying out a Know Your Customer (KYC) review. Following that review, it decided to close C's account – but it now accepts that it was wrong to do so. It apologised for the closure and any associated inconvenience, reopened the charity's account, and offered to pay compensation of £150.

C's trustees did not accept Barclays' offer. They said the closure of C's bank account meant that C was unable to accept donations, and that the charity had therefore lost more than £11,000 as a result of Barclays' error.

One of our investigators looked at C's complaint. She recommended that Barclays pay a total of £200 to apologise for the inconvenience it had caused (that is, the £150 the bank had already offered plus a further £50). She also recommended that Barclays pay interest on the balance of the closed account, at a rate of 8% per year simple, from 4 October 2023 (the date the bank closed C's account) until 6 November 2023 (the date the account was reopened).

Barclays accepted our investigator's recommendations, but C's trustees did not. They said Barclays' increased offer did not cover the donations C had lost, and they wanted Barclays to reimburse those losses.

My provisional decision

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

"Everyone accepts that Barclays should not have closed C's account, and so there is no need for me to consider the circumstances leading up to that closure. The dispute is now about how much compensation Barclays should pay as a result.

The charity's trustees have explained that C usually receives income of around £11,700 a month, and they would like Barclays to pay compensation based on that amount. I understand the £11,700 figure is an average, and the actual amounts received into C's accounts in the months leading up to the closure were between £1,200 and £42,500.

I don't think it would be fair for me to order Barclays to reimburse the charity for the missed donations. Barclays did not take the potential donors' money for itself, and so in October 2023 the funds would have simply remained in the donors' accounts. I don't know what has happened to the funds since. The donors might have decided to give the money to C anyway (meaning that the donations were delayed rather than missed entirely), or the donors might have decided to do something else with their

money. In either case, I don't think it would be fair for me to hold Barclays responsible for the donors' choices.

I am therefore provisionally satisfied that our investigator's suggestion – that Barclays should pay interest at 8% per year simple on the money that C could not access – is fair and reasonable in respect of the charity's financial loss.

I have also considered the inconvenience that Barclays' mistake caused to the charity. The trustees told us:

- Utility companies and energy suppliers wrote to them and tried to apply late payment fines (although I understand no fines were in fact applied).
- They could not pay C's staff on time, and received complaints from the staff.
- Similarly, they could not pay contractors within the agreed timescales.
- C's day-to-day operations were affected as they had to cancel events.
- The account closure caused confusion to the public, and they had to respond to lots of questions.
- They tried to open an account with several other banks, but Barclays reinstated C's original account before they were able to open an alternative.

The trustees have not provided any supporting evidence (although they are of course welcome to provide further evidence in response to this provisional decision). In the absence of further evidence, I am not prepared to make an award in respect of late payments or cancelled events. However, I think it is obvious that the charity's trustees were likely to have to respond to questions from the public about the account closure. I also think it is obvious that prudent trustees, in the circumstances C's trustees found themselves, would have considered opening an account elsewhere. The fact that no such account was opened does not automatically mean that the trustees did not spend time trying to obtain alternative banking facilities for the charity.

We publish information on our website about our approach to awards for inconvenience; it is available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>.

I think the unexpected closure of C's bank account would have caused significant inconvenience that needed a lot of extra effort to sort out. The problem was largely resolved in just over a month, but it still had a serious short-term impact. Having taken the circumstances into account, considered our guidance and applied my own judgement, I consider that a payment of £400 would be fair in respect of the inconvenience the charity has suffered."

Both parties confirmed receipt of my provisional decision, but neither provided any further comments.

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 those provisional conclusions as final.

Putting things right

Barclays must pay C:

- Interest on the balance of the closed account, at a rate of 8% per year simple, from 4 October 2023 to 6 November 2023; plus
- £400 to apologise for the inconvenience that it caused.

My final decision

I order Barclays Bank UK Plc to pay compensation to 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 2 December 2024.

Laura Colman
Ombudsman