

The complaint

A company which I'll call 'W' complains that Barclays Bank UK Plc behaved unreasonably when completing its banking checks.

The complaint is brought on W's behalf by one of their directors, Mr Z.

What happened

W held a business current account with Barclays since 1997.

W told us:

- Barclays had requested information from them so it could undertake a 'Know Your Customer' ('KYC') review which they had provided to the best of their ability.
- They'd received a request from Barclays to provide information in August 2022, but there hadn't been any forms enclosed. They contacted the bank, and the forms were provided a couple of weeks later and returned immediately.
- In October 2022 and November 2022, they received further letters from Barclays requesting information. They called the bank to ask what was required and were told they needed to update Companies House, which they subsequently did. They called Barclays to check if this was now sufficient or anything else was required and were told if it was, the KYC team would be in touch. They were unhappy with Barclays' process at this point and raised a complaint.
- They didn't get a response to their complaint from November 2022, but then in March 2023, they received another request from Barclays to provide the information. This was returned immediately by recorded delivery.
- In May 2023, their online banking gave them a warning message, so they sent the information to Barclays again by recorded delivery. A couple of days later they received a notice to close ('NTC') letter giving them sixty days to provide the information before their account was closed. They provided the information, but their account remained restricted.
- In October 2023, their account had been closed without warning, so they didn't have access to their funds of around £43,000 and their customers weren't able to pay them. They wanted the account reopened and access to the Barclays banking app.
- They didn't dispute that Barclays needed to undertake its checks, but they had tried to provide the information it wanted, and it wasn't helping them. They wanted the bank to tell them exactly what it wanted, and they would provide this.

Barclays told us:

- It had undertaken a KYC review for W in August 2022 and requested further information from the directors.
- W had engaged with it and returned some information, but it had needed to confirm further points. It had spoken to Mr Z about this additional information in October 2022 and told him that he needed to update Companies House. However, it checked this in late October 2022 after Mr Z called to confirm this had been actioned, but it remained incorrect.
- W made a complaint in November 2022, and it replied in December saying that the complaint wasn't upheld. It didn't hear back from W after this, so it sent a letter notifying W that their account was restricted in March 2023.
- It didn't receive the outstanding information from W, so it sent a NTC letter in May 2023 giving the company sixty days' notice. As this still wasn't provided as requested, it had closed W's account in line with the account terms and conditions.

Our investigator didn't recommend the complaint be upheld. He said that Barclays had regulatory obligations to meet, and it wasn't satisfied with the information that W had provided. He recognised that W said Barclays should tell them what answers it wants and they will provide the information. However, he was satisfied that Barclays had already told W what it needed, and telling W what answers they should give would compromise the KYC review. He was also satisfied that Barclays had given W two months' notice in May 2023 that it intended to close their account. So, he didn't think the bank had done anything wrong.

W didn't agree. They said the NTC letter had been a warning from the bank about the outstanding KYC review, but they had already provided information in response to this. They also provided evidence showing that one of their directors had sent information in July 2023 to change her name by Deed Poll in line with what was showing on Companies House. However, there was a lengthy delay which the Court of Justice had acknowledged by email on 21 November 2023. So, they asked for an ombudsman to review their complaint.

I issued a provisional decision on 22 March 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, I've decided to uphold it in part. I'll explain why.

W says that Barclays has behaved unreasonably as it restricted their account, and kept contacting them for outstanding information after they'd already provided it. But I'm not persuaded that's the case. I say this because Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. Therefore, Barclays may need to check from time to time that the information it holds for its customer is correct. It is a commercial decision which Barclays is able to make on how often it undertakes these checks and what information (within reason) it needs to comply with its obligations. And if the bank doesn't receive the information it needs, it is entitled to take actions with regards to those customers.

I recognise that W contacted Barclays and replied to the banks' requests for information. However, Barclays wasn't satisfied with the information it received, so it asked for this to be corrected or clarified. I understand that W believes the bank should have just told them what it wanted, and they would have provided this. However, that defeats the purpose of Barclays undertaking the KYC check. And I've seen that the bank did try to assist W as much as possible such as telling them that

Companies House needed to be updated. I acknowledge that Mr Z says he spoke to Barclays on several occasions, and it said it had all the information it needed. But this was factually correct at that time, as the information had been received and it was being reviewed by the bank. So, there wasn't any further clarification that Barclays could provide W in relation to what was required for its checks.

However, I don't think Barclays treated W fairly when it closed their account in October. I say that because W has provided evidence that it was attempting to update one of their director's details at the time the account was closed, and that there was a delay in this being obtained – not that W hadn't actioned the bank's request in a reasonable timescale. I can see that W updated Barclays about the deed poll application on 3 August 2023, and the bank has provided a transcript of this call. The transcript shows that Barclays told Mr Z that he didn't need to contact the bank again unless he received further contact from the KYC team – then he could update Barclays with the progress of the deed poll change if it was needed.

So, I don't think it's reasonable that Barclays closed W's account in October when it was aware that the directors were attempting to provide the information required and had been advised that they didn't need to update the bank further – unless it made contact.

W has told us that it was caused inconvenience as they didn't have access to their account balance and their customers weren't able to make payments for the work they'd done. Given the circumstances of the complaint, I think the impact that W has described is likely. I think the key thing here is that W weren't aware of the account closure, so they had no opportunity to put anything in place to mitigate the impact.

On that basis, I think Barclays should pay W £300 compensation for the inconvenience caused along with 8% per year simple on the balance of their account from the time their account was closed until they received their funds. W has told us that Barclays has reopened W's account, but it is still chasing them for the outstanding Deed Poll information (which they still haven't received and are regularly chasing). So, I think Barclays should reinstate access to their banking app (if it hasn't already done so) and allow W a reasonable period (around 3 months) for the company to either provide them with the required identification documents or a further update from the court regarding the Deed Poll change.

I invited W and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. W didn't say whether they accepted or rejected the decision, but said they had nothing further to add. Barclays didn't reply to say whether it accepted or rejected the decision, or if it had anything further to add.

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, as both W and Barclays haven't responded to say whether they accepted or rejected the decision, only that W didn't have anything further to add, I see no reason to reach a different conclusion. So, this 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 W £300 compensation for the inconvenience caused
- Pay interest at 8% simple on the balance of W's account from the date that their account was closed to the date their account was reopened and they were able to use their funds.
- Allow W a reasonable timeframe for the directors to provide the outstanding Deed Poll identification documents.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 6 May 2024.

Jenny Lomax
Ombudsman