

The complaint

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

The complaint is brought on S's behalf by its director, Ms K.

What happened

S held an account with Barclays in its own name. It also held separate accounts for two other companies, which I'll call ND and HD, both of which were trading names of S. This complaint is about the closure of the HD account only.

Ms K told us:

- In 2019, Barclays undertook a 'Know Your Customer' ('KYC') review and it decided that HD was a sole trader business, rather than a trading name of S. She had already provided evidence in 2014 to show HD was a trading name of S, and this was provided again in 2022 and 2023 – but the bank wouldn't accept this.
- Barclays had caused inconvenience to S from the repeated requests for information to complete the KYC check. The time taken to repeatedly provide information to the bank had prevented her undertaking work for S over the four-year period and impacted the company's profit.
- She had repeatedly requested information from Barclays through a 'Subject Access Request' ('SAR') which hadn't been provided. The bank also wouldn't provide her with the information or policy it was relying on to say that HD was a sole trader rather than trading name of S.
- Barclays hadn't given notice of its intention to close the HD account, instead it had threatened to close all the accounts, without an explanation for its decision. She also felt it had doctored the letters it had provided copies of to fit its argument.
- She had personally been caused distress and inconvenience and been made to feel like a criminal.

Barclays told us:

- It had undertaken a KYC review of S and HD's accounts. It believed that HD was a sole trader rather than a trading name of S, so it had asked for further information to clarify this. It had restricted S and HD's accounts whilst it waited for this information to be provided.
- It acknowledged Ms K's comments that her business structure was compliant with the relevant business regulations, however it needed to ensure that it met its own legal and regulatory obligations.

- It didn't believe that it had sent threatening letters to Ms K, unfortunately if customers don't comply with the KYC process, the bank will look to close their accounts. It had made Ms K aware of this potential action.
- It had completed the KYC review for S so there were no longer restrictions on the account. It also now accepted that HD was a trading name of S, and its accounts could be held under S's customer record. However, Ms K hadn't provided the information initially to show HD wasn't a sole trader, which is why further requests had been sent.
- HD could still have a separate account under S's customer record. However, it would need to close HD's existing accounts and reopen new ones, so Ms K would need to redirect any payments which usually came into HD's account.
- It had tried to respond to Ms K's complaints by phone and had been unable to contact her. It had also responded by letter, and refuted Ms K's concerns that the letters it had sent were doctored. It also wouldn't comment on the actions it had taken when setting up the accounts in 2014 due to the time that had passed. However, it acknowledged that it hadn't responded to all Ms K's correspondence and complaints and had provided poor customer service. So, it offered £300 compensation for the inconvenience caused.

Our investigator recommended the complaint be upheld. She said that it was reasonable for Barclays to request information as it needed to meet its legal and regulatory obligations, and therefore some of the information would always have needed to be provided by S. She also didn't think Barclays had threatened Ms K, but had sent firm warnings that if it didn't receive the information it required, then S's accounts would be closed. The investigator recognised that it was inconvenient for HD to have to close its accounts and new ones opened, so that it could be linked on Barclays systems, but she was satisfied there wasn't an alternative and it was reasonable for the bank to take this action. However, she didn't think Barclays offer of £300 was enough for the inconvenience caused to S and recommended the bank pay a further £200 bringing the total to £500.

Barclays accepted the investigators opinion, but Ms K didn't and asked for an ombudsman to review S's complaint. She said that she'd still been experiencing issues with S's accounts and that the bank had recently made her aware that it had a dedicated team that dealt with issues like those experienced by S. However, the rest of the bank either wasn't aware of this or it had been withheld, meaning that S had repeatedly been asked for information that wasn't required.

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'm sorry to disappoint Ms K but there's not much more that I can add to what our investigator has already said.

Firstly, I want to acknowledge Ms K's response to our investigator's view regarding the ND account. I understand that Ms K would like me to take this into account as part of this decision, however, as our investigator has already explained, this has been reviewed by our service under a difference reference and therefore my decision will focus on the bank's actions regarding the HD account.

Ms K has made many complaints to Barclays on S's behalf, I don't intend to respond to each of those individually, I mean no discourtesy by this, it's simply that the informal nature of our service allows me to do so. But in summary, I understand S's complaint to be that Barclays set up S's and HD's accounts incorrectly in 2014 and for the last four years, Ms K has been trying to provide the bank with the information it requested to complete its KYC checks. However, because of how the accounts were initially set up, S hasn't been able to do so and has been caused inconvenience.

Whilst I acknowledge that S's complaint appears to stem from how Barclays opened S's and HD's accounts in 2014, due to the time that's passed that's not something that I can look into as those records are no longer available. However, even if the bank had made an error when setting up the accounts, that wouldn't mean that it wouldn't be able to take any action to resolve that error if/when it was discovered – such as closing the accounts. Provided it Barclays gives the required notice of the account closure, I'm not persuaded that it would be unfair or unlawful for it to close an account. Particularly if by leaving an account open, the bank wouldn't be able to meet its legal and regulatory obligations. Based on the evidence from both parties, I'm satisfied that's what happened here.

When Barclays started its KYC review of S and HD's accounts, it requested further information from HD as its account had been created with the company as a sole trader. I don't dispute that this was incorrect, or that Ms K had tried to provide the bank with the information it required to resolve the issue. But I think it was reasonable for Barclays to request information so it could complete its KYC checks, and I don't think the bank has harassed S or HD by repeatedly asking for the information it required, or factually explaining the consequences of the information not being provided.

I acknowledge Ms K's frustration at that bank's requests. However, it's a commercial decision which Barclays is able to make on how often it undertakes its KYC checks and what information (within reason) it needs to satisfy itself that it has complied with its legal and regulatory obligations. This information can differ from the information a business provides to ensure it meets its obligations as a company – but this doesn't mean Barclay's has behaved unreasonably or in a discriminatory way. I understand Ms K feels that the bank has treated S and HD differently here, however, I'd like to reassure her that I have reviewed a number of complaints whereby Barclays has asked other directors and businesses to provide the information which was requested from Ms K, S and HD.

I also wouldn't look to make a compensation award for the time taken for Ms K to provide the requested information to Barclays initially or for the inconvenience caused as a result. Ultimately, it's S's directors' choice on whether they wish to provide the outstanding information and keep its accounts open with Barclays, or not provide this and look for an account elsewhere. I'm also not persuaded that even if S and HD's accounts had been opened in the way Ms K says they should have been in 2014, that Barclays wouldn't have needed to request further information to complete its KYC checks – given that things could have changed within that time period and the bank would have needed to check the information it held was correct.

I also understand that Ms K is frustrated with Barclays' processes, including the time taken to speak to the relevant team, and that the bank wouldn't say what information it required to complete its checks. I can't say that Barclays has behaved unreasonably by having dedicated teams to deal with different types of work, nor do I think it is untoward that the bank has a team which deals with historic issues. Again, it is a commercial decision Barclays can take on how it structures its business, and I'm not persuaded that because an account is being reviewed by a specific department that the bank has admitted that it made an error, or because a call isn't answered that it has turned off its phone lines. Furthermore, I don't think it's unreasonable that Ms K says Barclays wouldn't tell her what information it required to

complete its checks – but in any event, I can see that Barclays did speak to Ms K on several occasions and explained over the phone and in writing what was required, albeit Ms K didn't think this was reasonable.

I think it's also worth noting here that Barclays has accepted that HD is part of S and agreed that no further information would be required from HD because S has already completed its KYC check. However, S would still not be able to keep the HD account it has in place currently as it's not compliant with the bank's legal and regulatory requirements, so it would need to open a new account under S's record, but in its own name. I recognise this is inconvenient for Ms K, but I can't say that Barclays has behaved unreasonably here. The bank has now accepted S's business structure and explained what is needed to resolve the account issue going forward. It is now S's decision on whether or not it wishes to take these actions, but it wouldn't be fair for me to tell Barclays to keep the HD's account open as it is now.

However, whilst I'm satisfied that Barclays has now provided a resolution to the HD account issue, I don't think the bank has behaved reasonably here and I think its service has been poor. I can see that there have been occasions where Ms K was given conflicting information, or didn't get the information she asked for such as the SAR. I also haven't seen any evidence that Barclays told Ms K prior to January 2023 that S could open a new HD account under its record as HD wasn't a sole trader. This meant that S was caused inconvenience because Ms K had to repeatedly call and contact the bank to provide information that likely wasn't required. So, I think Barclays should pay S £500 compensation for the inconvenience caused.

Ms K told us that as S's director, she had been caused distress and inconvenience due to Barclays actions. But this complaint has been brought on S's behalf, so S is the eligible complainant. This means that I can't look at any distress or inconvenience caused to the directors in a personal capacity. Limited companies like S, as corporate bodies rather than individuals, are not capable of suffering distress, which means I can only look at the inconvenience caused to S by Barclays' actions. Ms K also told us that she was unhappy with how the bank had dealt with S complaints. I'm sorry to disappoint Ms K but complaint handling isn't an activity that falls within our jurisdiction, so I can't look at the bank's actions including that it didn't respond to S's complaint in the time or manner that she believed was appropriate.

I don't dispute there has been an impact here, however, I want to make clear that we don't award compensation based on an hourly rate and, I'm not persuaded these complaints led to the level of inconvenience which Ms K says S has incurred. Therefore, given all the circumstances of S's complaint, I think £500 is fair compensation for the inconvenience caused.

My final decision

My final decision is that I uphold this complaint. I think Barclays Bank UK Plc should pay S £500 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 10 January 2025.

Jenny Lomax
Ombudsman