

## **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 ND account only.

Ms K told us:

- In 2019, Barclays undertook a 'Know Your Customer' ('KYC') review and it decided that ND was a sole trader business, rather than a trading name of S. She had already provided evidence in 2014 to show ND 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.
- The bank also wouldn't provide her with the information or policy it was relying on to say that ND was a sole trader rather than a trading name of S.
- Barclays had closed the ND account without warning. 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 ND's accounts. It believed that ND 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 ND'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 ND 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 ND wasn't a sole trader, which is why further requests had been sent.
- It had closed the ND account because it had asked Ms K for information to complete its KYC check, and this hadn't been received by the required deadline. Ms K had indeed returned the requested form, however this simply said that ND wasn't a sole trader. So, it hadn't made an error here.
- ND could still have a separate account under S's customer record, but a new account would need to be opened.
- It had tried to respond to Ms K's complaint 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.

Our investigator didn't recommend the complaint be upheld. The investigator said that Barclays had legal and regulatory obligations that it needed to meet and had undertaken a KYC review to ensure it could meet those obligations. She didn't think Barclays had acted in a discriminatory way, but had simply asked for the information it needed for its checks. She also thought it was reasonable for Barclays to close the ND account as this had been set up as a sole trader account, which was incorrect. She noted it was inconvenient that ND's account was closed, but said that based on what Ms K had said about ND's relationship to S, a new account would always have been needed.

Ms K didn't agree and asked for an ombudsman to review the complaint. So, the case has been passed to me to decide.

### **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, whilst I acknowledge that S's complaint appears to stem from how Barclays opened S's and ND'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. I'm also not persuaded that it would be unfair or unlawful for Barclays to close an account, particularly if by leaving an account open the bank wouldn't be able to meet its legal and regulatory obligations.

Ms K says that ND's account was unfairly closed without the relevant notice period or contact with her as the account signatory. However, I'm not persuaded Barclays closed ND's account unfairly. I've seen that the bank contacted Ms K more than ten times over the four-year period by phone and in writing advising her that it was carrying out a review of ND's account. I'm satisfied based on the evidence provided by the bank that the calls were made,

and the letters were sent. I haven't seen anything that leads me to think these were doctored as Ms K believes. I can see that Barclays sent Ms K a 'Notice to Close' letter on 29 October 2021 which said that ND's account would be closed sixty days after this, if the information requested by the bank wasn't received.

The account terms and conditions for ND's account say Barclays can close an account after giving two months' notice (or immediately if the bank is put in the position whereby it may break a law, regulation, code, or duty). The terms don't say that the bank needs to discuss this with a particular party. I recognise that Ms K says she did reply back to the bank's request for information. However, Barclays says that the requested information wasn't provided, only a statement from Ms K saying that ND wasn't a sole trader – which wasn't sufficient. As Barclays didn't receive the required information it needed to ensure it could meet its KYC obligations, I think it was reasonable that the bank gave ND two months' notice of the account closure and then closed the account once this period had expired.

When Barclays started its KYC review of S and ND's accounts, it requested further information from ND as its account had been created with ND 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 ND 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 ND 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 ND.

I recognise that Ms K says both she and S were caused inconvenience as a result of the bank's actions. However, I 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 S's accounts open with Barclays, or not provide this and look for an account elsewhere.

I'm also not persuaded that even if S and ND'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. Furthermore, as I think it was reasonable for Barclays to close ND's account when it didn't receive the information it had requested, it follows that I don't think compensation is warranted for this either.

I do acknowledge Ms K's frustration here and I do have some sympathy for the circumstances in which ND's account was closed. However, I think the account would always have needed to be closed and new one opened under S's customer record with the bank, based on the structure that Ms K has described. I'm pleased to see that Barclays has now completed its checks for S and said that a new account can be opened within S's customer record for ND, should Ms K wish to do so.

**My final decision**

My final decision is that I don't uphold this complaint.

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**