

## **The complaint**

A company, which I'll refer to as W, complains that Barclays Bank UK Plc unfairly closed its bank account as a result of a Know Your Customer (KYC) review.

## **What happened**

W's director told us:

- W had a business account with Barclays for over a decade. The account was well run, and until recently there were no issues at all.
- She is now aware that Barclays carried out a KYC review of W's account. But she only received one letter about that review, in August 2022. She intended to call Barclays to discuss the matter, but wait times were around half an hour at the time. She planned to call later, then unfortunately forgot to follow up.
- Barclays closed W's account on 23 January 2023. It then refused to reopen the account. Different members of Barclays' staff told her different things about whether it was possible to have a new account, and also gave her conflicting information about how long opening a new account would take. Ultimately W opened an account with one of Barclays' competitors.
- The consequences of Barclays' decision to close W's account were catastrophic. W did not have another account, and was completely unable to trade for a week. W's funds were frozen for over a fortnight. Barclays' errors crippled W, and caused hardship for no reason.

Barclays told us:

- It has a regulatory responsibility to ensure that the information it holds about its customers is correct and up-to-date. It therefore decided to carry out a KYC review of W's account.
- It sent digital outreach to W in April 2022 to say that it would be carrying out the review, then wrote to the company on 16 June and 12 July 2022 asking its directors to provide information. It did not receive a response, so it sent a Notice to Close on 26 August 2023 explaining that it would close W's account if it did not receive the information it had requested. In addition, it sent an email and text message to W on 12 January 2023 to say that if W did not contact the bank, it would close W's account.
- It has no record of W responding to any of its correspondence, so it closed W's account on 23 January 2023. It issued a cheque for the balance of the account on 31 February 2023.
- W's director complained, and it offered to pay £100 because it sent the above letters

to W's registered address rather than to its main correspondence address. It later clarified that it does not believe that it did anything wrong in using W's registered address, but it is still willing to honour its offer to pay £100.

- Overall, the bank is satisfied that it made no error and that it closed W's account in line with its process.

One of our investigators looked at this complaint, but didn't uphold it. She didn't think the bank had done anything wrong, so she said she wouldn't ask it to pay any more than the £100 it had already offered. W's director did not accept our investigator's conclusions, so the matter was referred to me.

My provisional decision

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

"[M]y provisional conclusions are:

- Barclays did not use the correct address when it wrote to W.
- However, in the individual circumstances of this complaint, Barclays' error did not make a material difference – because W still received sufficient notice of Barclays' intention to close its account.
- Overall, Barclays' offer to pay £100 to settle this complaint is fair.

I give more details about my findings below.

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means, as in this case, that a bank chooses to carry out a KYC review.

I acknowledge W's director's belief that Barclays did not need all the information it asked for, but banks have considerable discretion about exactly how they choose to comply with their KYC obligations. Barclays may well have asked questions that another bank would not have asked – or that another bank would have answered for itself using publicly available information – but that does not in itself mean that Barclays has done anything wrong.

I also acknowledge W's director's suspicion that Barclays is attempting to offload accounts from companies like W, but ultimately Barclays is entitled to close a customer's account if it cannot complete its KYC process.

Overall, I have no concerns about Barclays' decision to carry out a KYC review of W's account. That means I need to consider whether Barclays carried out that review fairly.

### ***Which address should Barclays have used?***

In this case, I think the key issue is whether Barclays wrote to W at the correct address.

W's director told us that W moved in early 2022, and changed its address with all relevant organisations (including Barclays, HMRC and Companies House) at that

time. For the sake of anonymity, I will call the old address “address 1”, and the new address “address 2”.

Barclays told us that it has no evidence that it was informed of W’s change of address in 2022 – but it also says given that the account is closed, it wouldn’t necessarily have kept any such evidence. It also says that as at February 2024, its computer system held both addresses for W, with address 1 as the “registered address” and address 2 as the “main address”.

Barclays has said that it is W’s responsibility to ensure that the bank holds the correct correspondence details for it. I agree. But I also note that W’s director says that she did in fact contact Barclays in 2022 to inform it of W’s change of address. On balance, I accept W’s director’s evidence on that point. I cannot be certain that she did contact Barclays to change W’s address, but I think it is likely that she did. I note:

- Barclays does have address 2 on its files as W’s “main address”. I think it is unlikely that the bank would have that address at all if W’s directors had never provided it. There might have been some confusion between the bank and W as to whether address 1 remained as W’s registered address, but given both parties’ lack of records I cannot investigate that issue further.
- W’s director says that she received bank statements at address 2. I think that is likely, given that Barclays’ records show address 2 as W’s “main address”. I therefore think it would have been reasonable for W’s director to have assumed that the change of address she had requested was successful.

In addition, Companies House’s records – which are publicly available – show that W’s registered address changed from address 1 to address 2 in April 2022. I think it is likely that Barclays had actual knowledge of that change, because I understand that Barclays receives push notifications from Companies House of changes to the registered addresses of its limited company customers.

I therefore think that Barclays should have sent all of the correspondence it actually sent to address 1 to address 2 instead. Address 1 was neither W’s preferred correspondence (or “main”) address nor its correct registered address – and I think Barclays should have known that.

### ***Did Barclays’ error make a material difference?***

Given the particular circumstances of this complaint, I don’t think Barclays’ error made a material difference.

W’s director has explained:

- A Royal Mail redirection was in place from address 1 to address 2 for the whole of the relevant period.
- They still own address 1 (as the landlord), and any mail sent to address 1 should have reached them.

If Barclays had written to an address with absolutely no connection with W, then I might have concluded that it was highly unlikely that its letters were ever delivered. But in these circumstances, I think the impact of Barclays' error is likely to be that its letters were delayed slightly in the post. In light of the evidence Barclays has provided, I am satisfied that it did write to W at address 1 in June, July, and August 2022. Those letters explained that Barclays needed information to complete its KYC review, and also explained the consequences if the information was not provided.

I acknowledge that W's director only recalls receiving one of Barclays' letters, in August 2022. But I understand that the only letter Barclays' sent to address 1 in August 2022 was the Notice To Close – and therefore I think that W's director did in fact receive notification that Barclays intended to close W's account. It is unfortunate that W did not contact Barclays in response to that letter, but ultimately Barclays did not receive the information it needed to carry out its KYC review. I therefore consider that Barclays was entitled to close W's account, and I think it acted fairly when it did so. Barclays was not obliged to reopen W's account, or to offer a new account within a short period (or at all).

### ***Is Barclays' offer fair?***

I think Barclays made a fair offer for the wrong reasons.

Barclays initially said that it wanted to offer £100 to W because it wrote to W's registered address rather than the preferred correspondence address. But in principle, I don't think Barclays was wrong to write to W's registered address. Companies are required to have a registered address, and in general I think it is reasonable to expect that a letter sent to a company's registered address will reach that company.

In my view, the problem here was not that Barclays wrote to W's registered address – the problem was that Barclays was notified of W's change of address in 2022 and failed to process that notification. However, regardless of *why* Barclays was wrong to write to address 1, Barclays did correctly identify in its final response of 23 February 2023 that it had written to address 1 when it should have written to address 2. (I note that the bank then compounded that error by sending its final response to address 1, but as our investigator has said we cannot consider complaints about complaint handling.)

Overall, I think the only error Barclays made here was to write to address 1 rather than address 2. The impact of that error was relatively minor, given that W's director had taken steps to ensure the company would receive post sent to address 1, and so I think £100 does represent fair compensation.

I acknowledge that the impact of the account closure was much greater, and I was sorry to hear about all the difficulties W suffered because its bank account was closed. However, I don't think Barclays was wrong to close the account – and so I can't award any compensation for the impact of the closure."

W's director did not accept my provisional decision. She said that W did not receive the letters Barclays said it had sent, and that prior to the closure there was never a restriction on W's account (as suggested by the documents our investigator forwarded to her). She would not have ignored Barclays' letters, because it would have been totally against her own interests to do so. She suggested that my starting position was that Barclays is right, but that I should instead be asking why Barclays is closing thousands of accounts without due

process. Overall, she said the situation reminded her of the Post Office scandal.

Barclays did not provide any new evidence or arguments.

### **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 reasons given in my provisional decision and expanded on below. I now confirm those provisional conclusions as final.

I acknowledge that W's director does not recall receiving Barclays' correspondence, and that she says she would have acted on it if she had received it. Barclays says that it did write to W repeatedly. I cannot be certain what happened here, but in the overall circumstances I think it is more likely than not that Barclays did send the letters it says it sent. I am also mindful that W's director has previously accepted that she did receive a letter from Barclays in August 2022, but she told us that she forgot to follow up on the matter.

The letters Barclays says it sent warned that it would place restrictions on W's account. W's director says that no such restrictions were applied, but she wouldn't necessarily have known that – sometimes Barclays restricts a customer from applying for new products, which would not be a problem if the customer did not in fact apply for any new products.

There may be little I can say to convince W's director of the independence of the Financial Ombudsman Service, but she may be interested in our quarterly complaints data showing the proportion of complaints resolved in favour of customers. That is available at <https://www.financial-ombudsman.org.uk/data-insight/quarterly-complaints-data>.

In the overall circumstances, I remain satisfied that Barclays was entitled to close W's account. But I still think that its error in respect of W's address caused some inconvenience, and it is right that Barclays should pay some compensation as a result.

### **Putting things right**

Barclays has already offered to pay W £100, and I see no basis on which I could order it to increase that amount.

### **My final decision**

Overall, I consider that Barclays acted fairly when it closed W's account. However, I think it caused minor inconvenience by writing to address 1 rather than to address 2.

My final decision is that Barclays Bank UK Plc must pay W £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 9 July 2024.

Laura Colman  
**Ombudsman**