

The complaint

A company, which I will refer to as W, complains that Barclays Bank UK Plc unfairly closed its account.

W is represented in this complaint by its director, Mr B.

What happened

Both parties have provided us with detailed submissions. I confirm I have read those submissions, but I will not set them out in full – nor will I comment on every point made. I mean no discourtesy by that; my approach simply reflects the informal nature of the Financial Ombudsman Service.

Mr B told us:

- Barclays debanked W for spurious reasons.
- Barclays stole W's money and effectively made it insolvent.
- He would like the Financial Ombudsman Service to order Barclays to pay W a significant five figure sum as a deterrent to engaging in such reprehensible behaviour in future. He would also like compensation for the extreme distress the bank's actions have caused to W's directors.

Barclays told us:

- It carried out a Know Your Customer (KYC) review of W's account in 2022 and 2023.
- It needed further information from W in order to comply with its legal and regulatory obligations. It sent many requests to W, but W did not provide the information that it needed. It therefore took the difficult decision to end its banking relationship with W.
- It sent W a Notice to Close (NTC) on 4 May 2023, and the account was closed on 31 October 2023. It issued a cheque for the remaining balance of the account, which has since been paid to an account elsewhere.

One of our investigators looked at this complaint, and wrote to both parties setting out his detailed findings. Briefly, he said:

- Barclays was entitled to carry out a KYC review of W's account, and it was entitled to ask W for the information it needed to meet its requirements.
- He was satisfied that Barclays had provided multiple warnings to W before applying any restrictions to its account. W did provide some information, but it did not provide everything the bank needed.

- Mr B spoke to Barclays on 16 May 2023 and was promised a call back. Barclays did not call him back – but if it had done so, it is likely the information Mr B submitted on 18 May 2023 would have contained everything Barclays needed, and the bank would have removed the restrictions on W's account earlier.
- He was not persuaded that Barclays had stolen money from W. He accepted that there was some, in his words, "strange activity" on the account – in which the amount of £10,714.89 was withdrawn on 23 October 2023 with a reference of "Commission Charged". However, those funds were returned on the same day that they were taken. He didn't think that the issue caused any financial loss.
- He accepted that Barclays had sent a NTC on 4 May 2023 giving 60 days' notice of its intention to close W's account, but he thought Barclays should have done more before actually closing the account. In particular, given everything that had happened between 4 May 2023 and 31 October 2023 (the date of the account closure), he didn't think Barclays had given W sufficient notice of the closure.
- To resolve the complaint, he recommended that Barclays pay £500 in compensation for the poor service it provided in May 2023 and the subsequent closure of the account without fair warning in October 2023. He also said that Barclays should pay W interest at 8% per year simple on the balance of the account for the periods W should have had access to its money but did not (19 May to 17 June 2023, and then 31 October to 14 December 2023).

Barclays accepted our investigator's findings in full, but Mr B did not. Mr B said that whilst our investigator's outcome was generally favourable, it did not go far enough to compensate for the amount of time wasted on the unnecessary dispute. He also said our investigator had not commented on "Barclays' intransigence and ... hidden agenda to debank similar types of businesses".

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, there is very little I can add to what our investigator has said. I think his suggested resolution is fair, for broadly the reasons he gave. But I will make some further comments below.

Firstly, I want to stress that I only have the legal power to consider the individual complaint in front of me. I acknowledge that Mr B would like me to carry out a wider investigation into whether Barclays has a hidden agenda to debank certain types of customers, but that is not my role. The Financial Ombudsman Service is not a regulator, and I cannot carry out a wider investigation into Barclays' business practices. My role is to determine complaints quickly, informally, and on a fair and reasonable basis.

In principle, I have no concerns about Barclays' decision to carry out a KYC review. Like all banks in the United Kingdom, Barclays is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It is also required to carry out ongoing monitoring of new and existing relationships. That sometimes means, as in this case, that it decided to carry out a KYC review.

I also have no concerns about Barclays' decision to apply restrictions to W's account. It had not received the information it had asked for, and so I think it was fair for the bank to apply restrictions. However, like our investigator, I think it is likely those restrictions would have

been removed earlier if Barclays had met the promise it made on 16 May 2023 to call Mr B back. Barclays would have needed a little time to review the information Mr B submitted on 18 May 2023, but after correspondence with our investigator it has agreed to pay compensation on the assumption that restrictions should not have applied from 19 May 2023 onwards.

Overall, I consider that Barclays made two errors: it prevented W from accessing its funds between 19 May and 7 June 2023; and it should not have closed W's account on 31 October 2023 in reliance on its 4 May 2023 Notice to Close. The only issue left for me to decide in respect of those two errors is compensation. I know Mr B would like me to examine Barclays' motives, but again that is not the role of an ombudsman.

It is possible that Barclays made a further error on 23 October 2023 in respect of the "strange activity". However, I am satisfied that W suffered no loss as a result, because the money was quickly returned to W's account. I acknowledge that Mr B would like me to go further, and to investigate why the funds were deducted in the first place. But I do not need to investigate further in order to put W back into the position it should have been in – Barclays' decision to refund the money has already done that.

Putting things right

I have not seen any evidence to suggest that W suffered financial losses in excess of our investigator's recommendation that Barclays should pay W interest at 8% per year simple on the balance of the account for the periods W should have had access to its money but did not (19 May to 17 June 2023, and then 31 October to 14 December 2023). In the circumstances, I consider that his recommendation is fair.

Barclays' errors will also have caused inconvenience to W. We publish information about our approach to awards for inconvenience on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>. In this case, Barclays' error meant that W did not have access to its money in May and June 2023. W had to make new banking arrangements at short notice. I consider that would have caused significant inconvenience and disruption, and a lot of extra effort would have been required to sort it out. Taking our guidance into account and applying my own judgement, I agree with our investigator that £500 represents fair compensation.

Mr B has spoken eloquently about the distress experienced by W's directors, and I was sorry to hear about the difficulties they suffered. But the complainant here is the limited company W, and not W's directors (or former directors) as individuals. That means I do not have the legal power to consider – or make an award for – the directors' distress.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK Plc. I order the bank to pay W:

- Interest at 8% per year simple on the balance of the account for the periods W should have had access to its money but did not (19 May to 17 June 2023, and then 31 October to 14 December 2023).
- £500 in respect of inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 15 November 2024.

Laura Colman
Ombudsman