

The complaint

A company, which I'll refer to as M, complains that Barclays Bank UK PLC – trading as Barclaycard (Barclaycard) made a number of errors during the conduct of their Know Your Customer review (KYC) - including closing one of its accounts without notice.

In bringing this complaint, M is represented by its director who I'll refer to as Mr S.

What happened

The background to the complaint is set out in my provisional decision dated 3 June 2024 which forms part of this decision.

I provisionally concluded that M's complaint should be upheld.

In summary I said:

“Since they are strictly regulated, banks in the United Kingdom are required to carry out certain actions in order to meet their legal and regulatory obligation.

That involves conducting ongoing checks and monitoring of new as well as existing relationships with customers. Barclaycard chose to do this by way of the KYC review. And to that extent, I do not think they did anything wrong when they decided to conduct this review on the Account.

But Mr S doesn't think the review was conducted appropriately whereas Barclaycard believes it was.

To determine that question I need to consider two issues:

- *Before closing the Account, were Barclaycard's request for KYC information directed appropriately.*
- *After eventually receiving the information they needed, were there significant delays in reopening the Account*

I start with the first of these considerations.

Mr S has told us that soon after purchasing M he called Barclaycard to update it regarding the position and to provide them with his personal details. Although Barclaycard's internal records are not the easiest to follow, they appear to corroborate Mr S's account. Their notes also recorded being told that the information had also been updated on Companies House's records.

But on 21 April 2023 as noted above, it was to Mr R that Barclaycard wrote for KYC information – including Mr S's personal details which they already had. Barclaycard have

said that reminders were sent to M including notice to close the Account before they did so in August 2023.

But I've seen no clear evidence the correspondence was sent to Mr S personally or to M's registered address. So, I don't think I can fairly say Mr S either received or should be deemed to have received the correspondence.

In light of this, and in particular against the background of the conversation that took place between Mr S and Barclaycard in March 2023, when he notified them, he was now the director and owner of M, I am minded to conclude Barclaycard's subsequent correspondence with Mr R was not appropriate. Furthermore, since I've seen no clear evidence the closure of the Account in August 2023 took place following a direct warning to Mr S, I'm also minded to conclude it was wrong and amounted to poor service.

I turn next to the second consideration which is the reopening of the Account in September 2023.

I'm satisfied that after Mr S contacted Barclaycard following the Account's closure, it was clear to him there was outstanding information that Barclaycard needed for the KYC review. Although asking Mr S to provide his personal details again when Barclaycard had this information since March 2023 could be seen as poor service, nonetheless I don't think it was unreasonable for them to ask for a letter from M's accountants confirming Mr R was no longer involved in the running of M. I can see Mr S gave Barclaycard this information on 8 September 2023.

Mr S said he was frustrated that Barclaycard did not ask for all the information they needed up front but instead sent a further request on 12 September. I note Barclaycard wanted details of the ownership structure of M, the personal details of its shareholders and again requiring the information to be verified by M's accountants on their letter headed paper.

But it is not unusual in the conduct of a KYC review that on occasions information provided by a business will need clarification. Further questions often arise that need answers to. I don't think the follow up questions from Barclaycard were unreasonable. And in any case, I note M's accountants responded to Barclaycard's request by return on 12 September.

However, I understand why Mr S would have felt some sense of frustration, when on 15 September Barclaycard again appeared to want yet further clarification of M's structure. No doubt the frustration was heightened because the checks were now being conducted against the background of the unjustified closure of M's account.

That being said, Barclaycard explained they had noticed a discrepancy between Companies House's records and those recorded in Company Watch's records. According to them the latter's records showed there were two other shareholders of M, whereas M's accountant did not state they were no longer associated with the company. Mr S hasn't challenged that testimony. And I don't think this was an unreasonable clarification to seek after reviewing M's 12 September response.

In summary, for the reasons I've discussed above, my proposed finding is that Barclaycard have acted unfairly towards M when they closed the Account in August 2023. I am satisfied M suffered inconvenience as a result. In particular because the resumption of the KYC checks was then having to be conducted against the background of the closure of the Account and the inconvenience caused by the inability to use it. I am satisfied that such inconvenienced was greater than the currently paid compensation of £60. I think Barclaycard should do more by paying an additional £100 bringing the total compensation to £160.

Mr S has said that M suffered financial loss because of the closure of the Account due to lost takings. But he's provided no evidence to support his assertion in spite of our invitation to do so. Therefore, I do not propose making any award for financial loss."

Barclaycard accepted my conclusions. Mr S, on behalf of M did not respond.

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, and since there is no new evidence or arguments for me to consider that might have led me to come to a different conclusion to that which I set out in my provisional decision, I believe my provisional decision still stands. In other words, my final decision is the same as my provisional decision

Putting things right

For the reasons explained above, I am satisfied that Barclaycard delivered poor service to M and should pay it additional compensation

My final decision

My final decision is I uphold this complaint. In full and final settlement, I require Barclays Bank UK PLC trading as Barclaycard to pay £100 in compensation to M for the inconvenience they caused to M.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 18 July 2024.

Asher Gordon
Ombudsman