

## **The complaint**

A company I will refer to as M complains that Barclays Bank UK PLC wrongly closed its account. Mr S is a director of M and brings the complaint on its behalf.

## **What happened**

Mr S has told us:

- Barclays has unfairly closed M's account. It was unreasonable in requiring M to have a director with a UK based address. M is a UK based company – its registered address and its employees are in the UK. There are no rules or legislation that say M must have a UK based director.
- Barclays has provided poor customer service. It harassed M for months leading up to the closure of the account. There were long waiting times when trying to contact Barclays by phone and it's continued to contact M to request information despite the account being closed.
- M has suffered significant distress and financial loss due to Barclays' review and subsequent decision to close the account. M's customers have been unable to make payments to it and it has had to delay investment plans and plans to hire new staff.

Barclays has told us:

- During 2022 and 2023 Barclays carried out a Know Your Customer ('KYC') review of M's account. Part of that process was asking Mr S for information about M.
- Barclays initially contacted M in January 2022. It then contacted it again in February, July and August 2023 for further information relating to Mr S's residential address which was outside of the UK. In August 2023 Mr S expressed dissatisfaction that Barclays was continuing to contact M for details relating to his address.
- Barclays contacted M for more information on 2, 7 and 10 November 2023 leaving a voicemail on each occasion. Mr S called back on 14 November 2023 but Mr S was unable to hear Barclays' agent and the call was ended.
- On 9 November 2023, as it didn't feel it had received the information it required, Barclays wrote to M to confirm it would be closing its account giving it 60 days' notice. The account was closed on 9 January 2024.
- It responded to M's complaint on 28 January 2024. It offered M £100 for the customer service issues – the long waiting times on the phone and because a letter was incorrectly sent in February 2023 stating it had all the information it needed when it didn't. But overall it maintained the account closure was fair and this decision didn't change.

One of our investigator reviewed the complaint. They said the account closure was fair and that the £100 offered by Barclays for the customer service issues was fair and reasonable.

### **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've reached the same overall conclusions as our investigator. Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of new and existing relationships. That sometimes means – as in this case – that a bank chooses to carry out a KYC review.

As a starting point, I don't have any concerns about Barclays' decision to carry out a review of M's account. But in order to decide whether Barclays treated M fairly, I need to consider how the review was carried out.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

The terms and conditions of the account allow Barclays to close a customer's account with notice for a number of reasons. And I'm satisfied in this case that the terms and conditions do allow Barclays to close M's account.

I understand in this case Mr S disputes this. He feels that he provided all of the information Barclays requested of M when asked. But he's also indicated that he doesn't think Barclays has the right to request certain requirements are met. So it seems the situation here is not a dispute about whether or not M has responded to Barclays' requests for information, but a dispute about what information Mr S thinks Barclays should accept.

But as I've explained above, Barclays is a commercial business that can make its own decision about, amongst other things, what risks it's prepared to take with regards to its accounts and its customers. This means it also decides what information it requires in order to satisfy itself that certain criteria has been met. M is free not to agree with, or not to provide, what's been requested. But Barclays is free to make a decision based on this according to its own policies and the terms and conditions of the account.

Barclays was entitled to undertake a review of M's accounts and ask it for information relating to this. And whilst Mr S considers its repeated questioning demonstrate its incompetence, I disagree. I think it's simply that when it received some information from M, this prompted further questions to ensure it was making the right decision about M's account.

Mr S has described the distress he has suffered as a result of Barclays' KYC review. But Mr S is bringing the complaint on behalf of M, a limited company. And a limited company can't experience distress. It can experience inconvenience, and where this inconvenience is outside of the administrative tasks I would ordinarily expect a company to have to undertake in the course of running its business, I've considered whether an award is appropriate.

Mr S has said that as a result of M's account being closed it's suffered losses as it's been unable to make investments, employ staff or receive customer payments. Barclays' decision to close the account was fair and I'm satisfied it was carried out in line with the terms and conditions of the account. So any inconvenience or loss M has suffered as a result isn't something I would hold Barclays responsible for.

I can see there were some customer service issues that aren't in dispute. Barclays has accepted M had to wait too long to speak to it on the phone and I think this would've caused inconvenience to it.

Barclays has also accepted it sent a letter incorrectly stating it had all the information it needed when it didn't. But this appears to have been resolved fairly quickly and I haven't seen anything to suggest this disadvantaged M in any way.

Barclays has also confirmed that it had continued to send automatically generated messages to M requesting information as it's still a customer – it has a loan agreement with Barclays. M was unable to access these messages as it was unable to log into its online account due to the account closure. Barclays has confirmed this was an oversight and no further messages should be sent to M. It has offered its apologies for any confusion caused which I think is appropriate in this case.

Taking all of the above into account, I think the £100 offered is fair and reasonable in acknowledgement of the inconvenience caused to M.

### **My final decision**

If it hasn't already, Barclays Bank UK PLC should pay M £100. Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 8 January 2025.

Faye Brownhill  
**Ombudsman**