

## **The complaint**

Mr F is a partner in a business which I'll call 'F'. He complains on F's behalf that Barclays Bank UK Plc behaved unfairly when it closed the partnership's account.

## **What happened**

Mr F told us:

- He had several accounts with Barclays, but on F's account the bank had asked him to provide some information.
- He requested the information from F's accountant, but it took a long time to receive this, so when he tried to upload this to Barclays online system the password had expired.
- He asked Barclays for a new password three months before the account was closed, but it was never received. He also tried to call the bank but due to the wait times he couldn't get through.
- Barclays admitted it had received the new password request, but it didn't send a new one. The bank also said a new password could be requested without contacting the bank which was incorrect.
- Barclays had treated F unfairly in closing the account as he'd tried to provide the information it had wanted, but it hadn't allowed him to do so.
- F had been caused inconvenience as their direct debits had bounced, they weren't able to collect payments which were due, their credit rating had been negatively impacted, and Barclays hadn't returned the funds in the account or reopened the account as requested.

Barclays told us:

- F's account was undergoing a 'Know Your Customer' ('KYC') review so it had requested information from the partners so that it could meet its legal and regulatory obligations.
- It had sent letters, online banking and mobile banking notifications to F asking that the partners provide the information or update the KYC team otherwise restrictions would be applied to the account.
- Mr F requested a new password from the KYC team to submit the information, however the instructions for how he could receive this were already provided in the 'Frequently Asked Questions' ('FAQ's') which he'd forwarded as part of the email.
- The KYC team had called Mr F on 20 March and 29 March 2023 to discuss the outstanding information for F without success. As the information wasn't received,

the account was initially restricted and then closed in July 2023 – so it didn't think it had done anything wrong here.

Our investigator didn't recommend the complaint be upheld. She thought it was fair for Barclays to close F's account as it had legal and regulatory obligations to meet, and Mr F hadn't provided the information that the bank had requested. She acknowledged that Mr F had sent an email to the bank asking for a passcode, however she thought he could also have contacted the bank in other ways when he didn't receive a response. So, she thought Barclays had acted in line with the account terms and conditions when closing the account.

Mr F didn't agree. He said he'd followed the link provided by the bank to reset his passcode and had also contacted the bank the day before the account had been closed.

After our investigator had issued her view, Barclays provided further information. The bank accepted that it hadn't returned the partnership funds when the account had been closed or reopened the account as requested. Barclays also acknowledged that Mr F was still receiving KYC requests for F's closed account. So, it apologised, agreed to reopen the account, and offered the partners £400 compensation for the inconvenience caused.

Mr F remained unhappy and asked for an ombudsman to review F's complaint. So, the case was passed to me to decide.

I issued a provisional decision on 10 June 2024. I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr F told us that F's account had been unfairly closed as he'd asked the bank for assistance so he could provide the required information, but I'm satisfied that Barclays acted fairly when it closed the partnership's account.

Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. And the bank may need to check from time to time that the information it holds for its customer is correct. It is a commercial decision which Barclays is able to make on how often it undertakes these checks and what information (within reason) it needs to comply with its obligations. If a customer doesn't provide this information, the bank may be put in the position whereby it may break a law, regulation, code, or duty and therefore it is able to close an account after giving the relevant notice in line with the terms and conditions of the account.

I acknowledge that Mr F says he tried to obtain the information that Barclays required, but was unable to provide this due to issues with the online passcode and call waiting times. However, Barclays told us that it had initially requested information from Mr F in September 2021 and issued notice to close letters in January 2022 and November 2022. However, it allowed the account to remain open as Mr F said he'd provide the required information. I've also seen evidence that Barclays called Mr F in December 2022, February 2023 and several times in March 2023 and July 2023 to discuss the information it required for F with him.

I've also seen copies of the bank's call records which show that there was only one call received from Mr F on the phone numbers it held for him before the account was closed. This call was in mid-July 2023, and Mr F disconnected the call before speaking to anyone. All the other calls with Mr F were after the account had already been closed. Barclays has also told us that due to call wait times for its KYC team, customers had the option to request a call back – rather than be on hold. So, I'm

satisfied that Barclays did try and contact Mr F by phone to assist him as requested. I'm also satisfied that the bank wasn't aware, due to the lack of response from Mr F and time that had passed, that he still intended to provide the outstanding information it had requested. So, I don't think Barclays acted unfairly when closing F's account.

Furthermore, I've also seen evidence that Barclays contacted Mr F via his online banking and mobile banking on 21 June 2023, to say that the outstanding information needed to be provided by 5 July or F's account would be closed. The message explained this could be provided by post or online, or Mr F could call the KYC team for assistance. Barclays also told us that the information request email it initially sent to Mr F contained instructions of how he could reset his portal password to provide information. So even if I accept that Mr F requested a password reset three months before the account was closed, I'm satisfied that Barclays had tried to assist Mr F during that three-month period without success.

I'm sorry to disappoint Mr F, but as I don't think Barclays did anything wrong in closing F's account, it follows that I won't be recommending an award for the losses which Mr F says the partners were caused as a result. This includes the reputational damage and losses and inconvenience incurred from payments not being made or accepted for the partnership.

However, Mr F also told us that Barclays wouldn't reopen the account as agreed, nor had it returned the balance of the account or contacted him. I've seen that in the bank's final response letter of 31 July 2023, it said that it would consider reopening the partnership's account and that the timescale for this is two weeks. However, I can see that this didn't happen as expected and despite repeated reassurances and letters from Barclays the account wasn't reopened until 13 October 2023. Mr F told us that the partnership didn't look to open an account elsewhere during this time because of the repeated assurances from the bank. I think given the correspondence the partners received from the bank, that this was reasonable.

Barclays has apologised for this error and offered the partners £400 compensation. However, I'm not persuaded that's enough here. I say that because the partners repeatedly had to chase Barclays when it didn't open the account as agreed and they have also been without the use of the account balance during this time. Therefore, I think to put things right Barclays should increase the compensation payment by a £100 to £500 in total. I also think the bank should pay the partnership annual interest of 8% simple from 14 August 2023, which is the latest date that the bank initially said the account would be reopened to 13 October 2023, when it was reopened.

I invited F and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays accepted the decision, but F didn't respond to say whether they agreed or disagreed with the provisional decision or had anything further to add.

### **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, as Barclays accepted the decision and F haven't responded to say they accepted or rejected the decision, or had anything further to add, I see no reason to reach a different conclusion. So, this decision confirms the findings set out in my provisional decision.

## **My final decision**

My final decision is that I uphold this complaint. I instruct Barclays Bank UK Plc to do the following:

- Pay F £500 compensation for the inconvenience caused.
- Pay annual interest of 8% simple on F's account balance from 14 August 2023 until 13 October 2023, for the time the partners were without their funds.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 23 July 2024.

Jenny Lomax  
**Ombudsman**