

The complaint

An organisation, which I will refer to as W, complains that Barclays Bank UK Plc wrongly closed its bank account.

W is represented by its treasurer, Mr H.

What happened

Mr H told us:

- Barclays closed W's account on 23 October 2023. W became aware of that closure on 30 October 2023, when it received a letter from Barclays dated 27 October 2023. W had no prior warning of the closure.
- Barclays had previously requested information from W, but that information was hand delivered to a Barclays branch in February 2023. Barclays confirmed on 23 June 2023 that it had all the information it needed.
- Barclays' telephone adviser said on 30 October 2023 that W's account would be re-opened within seven days, but that did not happen. W's representatives had to make further calls to Barclays, and the account re-opening was finally completed on 19 December 2023.
- The impact of the closure was that W lost income of £260 (based on the income received over the same period during 2022). W's representatives have also spent several hours in telephone calls and in dealing with W's complaint.

Barclays told us:

- It carried out a Know Your Customer (KYC) review of W's account, and requested various information from W. That information was not provided as quickly as it would have liked.
- It closed W's account on 23 October 2023. It later acknowledged to Mr H that the closure was in error.
- W's account was re-opened on 5 December 2023.
- It has offered W compensation of £250 to cover the inconvenience caused (including the time spent on calls, the cost of calls, and the stamps to return letters) as well as the interest lost on the account.
- It acknowledges that Mr H would like it to reimburse money lost because W's members could not make payments into the account while it was closed, but it is not satisfied that W suffered the loss claimed. It considers that W's members may have made payments in another way (such as cash), and that even if they have not

already made payment there is nothing to prevent them from doing so now.

One of our investigators looked at this complaint. She thought the compensation Barclays had already offered was fair, and so she did not recommend that Barclays do anything more. Barclays accepted her findings, but Mr H did not. Briefly, he said:

- Barclays has not responded to W's request for its lost income of £260, despite evidence being provided. W can provide further evidence if required to show that none of the missing funds have been received, and its chairman (a serving police officer) is prepared to sign a statement to that effect.
- Barclays has not provided a detailed explanation of why the account was closed in error.
- W did provide the information Barclays requested, and Barclays has apparently lost that information. Barclays has not apologised for the loss, despite W's representatives' concerns over data protection breaches.
- Compensation of £250 is not in line with the guidance on the Financial Ombudsman Service's website (available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>). Barclays' mistake caused significant inconvenience and disruption that needed a lot of extra effort to sort out, and so an award in the range of £300 to £750 would be appropriate.

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 already said. I am satisfied that Barclays' offer to pay £250 represents fair compensation in this case. But I will make some further comments below.

I acknowledge Mr H is disappointed that the Financial Ombudsman Service has not established why Barclays made the mistake it did, but that is not our role. Our role is to resolve disputes fairly, reasonably, and with minimum formality. Where – as here – I am satisfied that I can resolve a dispute without investigating how an error occurred, that is what I will do.

In this case everyone accepts that Barclays should not have closed the account. I agree. I have seen no evidence to suggest that Barclays gave W notice that it intended to close W's account, and I have seen nothing to suggest that it would have been fair for Barclays to have closed W's account without notice. I would therefore have said that Barclays was wrong to close W's account regardless of whether W had provided the information Barclays needed. That means I need to decide what Barclays should do to put things right.

Putting things right

I have first considered the issue of financial loss. I understand that W's members regularly make payments into W's account, but they could not do so between 23 October 2023 and early/mid December 2023 because that account was closed. Mr H says that W has lost £260 in income as a result.

I have carefully considered Mr H's comments, but I am not satisfied that Barclays' error in closing the account caused W to make a financial loss of £260 or of any other amount. The missing payments are made by members of W, and I see no reason why W could not simply ask its members to reimburse W for the missing funds (and indeed I note that Mr H is himself a person who would have made a payment to W by standing order if W's bank account had not been closed).

The money that W's members did not pay to W simply remained in the members' accounts, and so I don't think it would be fair for me to order Barclays to pay that money over. Even if I had further evidence showing that none of the members had transferred any of the 'missing' funds to W, I would still say that it would not be fair for me to order Barclays to reimburse the funds. We expect complainants to take action to mitigate their loss where possible, and here I think W could have done so. In the circumstances, I don't think it would be appropriate for me to make an award for financial loss.

Moving on to the issue of inconvenience, I am of course aware of the guidance Mr H referred to. As that guidance explains, we consider the impact of a bank's error when deciding compensation. In some circumstances the wrongful closure of a bank account will have an immediate and catastrophic impact on a bank's customer, but in others the customer will not notice for months or even years. The same error can have a very different impact on different customers, and it is right for compensation to reflect the impact of the error.

In this case, W's representatives realised the account had been closed within about a week, then spent several hours making telephone calls and dealing with the matter. I consider that the impact here was more than just minimal, and so an apology alone would not have been enough to remedy the bank's mistake. Here, I think W's representatives did have to make a reasonable effort to sort out the problem the bank had caused, but I don't think the error resulted in significant inconvenience and disruption that needed a lot of extra effort to sort out. Taking into account our guidance, and applying my own judgement, I consider that a payment of £250 does represent fair compensation in the circumstances of this complaint.

I don't know what happened to the information W's representatives gave to a Barclays branch in June 2023, but I have seen nothing to suggest that W suffered a loss as a result of anything that happened to those documents. (I have not been provided with evidence that any of W's representatives suffered a loss either – but the complainant here is W, not its members or officers, and so I could not comment on such a loss even if I did have evidence that it had occurred.)

My final decision

My final decision is that I order Barclays Bank UK Plc to pay W £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 16 December 2024.

Laura Colman
Ombudsman