

The complaint

Mrs J complains about the way Barclays Bank UK PLC conducted their Know Your Customer (KYC) review in relation to a business account (the Account) belonging to an unincorporated association - which I'll refer to as S.

What happened

On 16 August 2023, in connection with their KYC review, Barclays wrote to S to obtain information about the Account. As the Treasurer of S, Mrs J was responsible for dealing with the bank throughout that process.

Although the KYC review was initiated some months previously and problems were experienced at that time, it is the events that took place in August 2023 and the months that followed, that is the subject matter of this complaint and therefore the sole focus of this decision.

Briefly, Mrs J has told us that:

- After receiving Barclays' letter in August 2023, as requested, she completed and returned the enclosed form to Barclays.
- But on 17 September, Barclays sent an identical letter and form for completion which she did, and once again returned it to the bank.
- Further letters followed on 3 and 10 October. And later, on 18 October an email arrived. The correspondence from Barclays variously requested the return of the bank's KYC form within 15 days. And there were threats too to restrict and/or close the Account if S didn't respond.
- Knowing she'd already done as Barclays had asked of her, on 19 October 2023, she visited a branch of the bank to complain. She was told in branch the bank's letters could be ignored if sent in error.
- Although she believed her complaint about the bank's actions had been resolved after receiving a letter dated 24 October to that effect, nonetheless, a further letter arrived dated 24 November requiring further contact. And on 18 December the bank threatened to close the Account. As this letter arrived on 23 December it was very distressing.
- In fact, on 18 December the bank placed a restriction on the Account, although later, on 4 January 2024, this was removed.
- Throughout the KYC process, Barclays made a number of errors albeit they paid S £75 in compensation.

- It's difficult to understand why the bank chose to spend so much time and effort looking into the affairs of the Account, not least in light of S' small turnover of £3,000.
- A considerable amount of her time had to be spent dealing with Barclays throughout the KYC review – including visits to their branch, as well as many hours on the phone, writing letters and emails to the bank. All of which adversely impacted her mental and physical health.

Barclays have told us that:

- Their KYC process is aimed at discharging their legal and regulatory obligations and information is requested from customers for that purpose. If therefore the information isn't received, the bank makes clear the likely consequence which is that restrictions or the closure of an account could result.
- The bank requested information about the Account in August 2023 and Mrs J did cooperate by completing and returning the relevant forms to provide the information requested. She did so twice, first in August and then again in September.
- But when the bank received the information from Mrs J, it wasn't processed as quickly as it should, including delays uploading the information due to systems errors at the bank.
- Although as a whole, the KYC process was followed correctly, nonetheless, the service associated with it – not least the bank's delay in processing the information was poor.
- It was in recognition of that poor service and by way of an apology, that on 27 November 2023, they paid £75 to S.

One of our investigators looked into the complaint and overall, concluded that in light of the events in August and September 2023 Barclays had made errors. However, she concluded that the £75 payment Barclays made to S in acknowledgement of their errors fairly compensated S for the impact.

Addressing Mrs J's wider points regarding the extent of the bank's KYC review and further alleged customer service failings, she said – in summary:

- The KYC was conducted appropriately because:
 - Barclays were fulfilling their legal and regulatory obligations when completing the review in connection with the Account.
 - Whilst she noted Mrs J's argument that S is part of a wider charity with minimal income and therefore isn't truly a business, nonetheless she believed it was reasonable for Barclays still to consider S as an organisation – albeit one which is unincorporated.
 - Furthermore, since the Account was a business account, it was also reasonable for the bank to review it, no matter S' size and limited turnover.

- There were no material customer service failings which significantly impacted S because:
 - Although on 19 October when Mrs J visited a bank branch, she was told to ignore any further contact from the bank if sent in error, the bank's letter dated 24 November couldn't reasonably be regarded as such. Rather, it was material and made clear that Barclays had received the information Mrs J had sent them.
 - The request to get in touch was because it required more information. In particular, because S had indicated it was a charity, whereas Barclays noted it wasn't registered with the Charity Commission. Not unreasonably therefore, Barclays needed to be sure of S's existence and understand more about its structure. In the circumstances, it was reasonable for the bank to ask for further information and so Mrs J was asked to contact the bank by phone.
 - The bank did place a block on the Account. But here too that was not unreasonable because it did not receive the information it had asked for and needed.
 - And although after contacting Barclays on 1 December, Mrs J was sent a link to provide the required proof of existence document that was outstanding, this wasn't received even though Mrs J advised the bank she would respond to the request within 7 days.
 - On further review of things on 18 December, no document had been provided. So, it was reasonable that Barclays sent a further letter to S confirming a restriction had now been applied to the Account.
 - In any case, S hasn't provided any evidence that it was materially impacted during the period in which the account was restricted and so, an award of further compensation wouldn't be fair.
 - And the same may be said regarding impact, when without any request to do so from S, the bank changed S' correspondence address. Whilst this was an error by the bank, it did not materially impact S.
 - As regards the personal distress Mrs J submitted that she'd experienced, under our rules, it is S that has the relevant relationship with Barclays to be able to bring this complaint to us – not Mrs J, as its Treasurer. That meant we can only consider any impact that's been caused to S and not any personal distress Mrs J experienced.

Mrs J did not agree with the investigator's opinion and requested a review of S' case by an ombudsman. So, the case has come to me. I summarise what I regard as Mrs J's key points:

- The KYC review took a long time. Correspondence began in August 2023. And despite her many telephone calls, letters and emails and visits to a branch of Barclays, the process was not completed until February 2024.

- In January 2024, Barclays changed S's address without proper or any authorization from S. It would appear this was done after she'd asked Barclays to look at certain website/magazine/Facebook page to confirm that S actually existed. And whilst our investigator seemed to believe that Barclays' action was reasonable, she does not.
- Although she recognises that there are procedures which Barclays have to follow, nonetheless, when consideration is given to her time, the bank's, as well as our investigator's, all of which has been expended for a tiny community account which is what the Account is, the whole scenario has been ludicrous.
- Barclays should be required to give a written apology to S and accept that they have been overzealous in their review of the Account.

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.

I start by saying I can see how strongly Mrs J feels about this complaint. She has made quite extensive submissions to the bank and to this service both before and after the investigator gave her opinion.

I want to assure Mrs J that I have considered all the points she made both in her initial and subsequent submissions to this service. I mean no discourtesy in saying this, but my decision won't address all the points that have been made by her. That is because in keeping with our role as an informal resolution service, and as our rules allow me to do, I will focus on the issues I find to be material to the outcome of this complaint.

So, where I've omitted to comment on any specific point, it's not because I haven't considered it, I assure Mrs J that I have. The reason I haven't commented is because I don't think I need to in order to reach what I think is the fair and reasonable outcome in this case.

I now turn to the substance of my decision.

There's little dispute between the parties about the core events in this case. Everyone agrees that in August and September 2023, Barclays made errors in their conduct of the KYC process. Barclays accept that when they received Mrs J's response to their request for information in August, they dealt poorly with it in the sense that there were delays uploading the information due to systems errors. And the bank asked for the same information again which Mrs J duly provided.

So, there is no need for me to decide whether errors occurred, as clearly, they did, and have been acknowledged by the bank and compensation paid to S. All I need to do now is decide what, if anything further, Barclays need to do to put right those errors and whether there were any further errors for which the bank is responsible that need putting right also.

have Barclays appropriately compensated S for their August and September 2023 errors?

I'm satisfied S was inconvenienced by the bank's errors above. If it were not for the errors Mrs J wouldn't have needed to send duplicate forms to Barclays in September 2023. So, having regard to the general framework which this service considers when arriving at

compensation amounts for inconvenience – further details of which can be found on this service's website - I've thought about whether the £75 payment Barclays made in acknowledgement of the errors adequately compensated S for their impact.

Having done so, I'm satisfied that the £75 does represent fair and reasonable compensation for the inconvenience I've already identified. In light of this, I've not been persuaded to award more.

were there subsequent errors for which Barclays should also pay compensation.

I acknowledge Mrs J's testimony that after visiting a branch of the bank on 19 October 2023 she was advised that she could ignore further incorrect correspondence from the bank.

I appreciate Mrs J might have considered the KYC process was completed in light of the forms she'd already returned to Barclays in August and September. Indeed, this may well have been further bolstered by the advice she received from branch staff when she visited on 19 October.

However, the process was still on-going. And more to the point, Barclays did not confirm it had been completed since further information was still needed in light of the ongoing review. This, therefore, led to the bank's letter dated 24 November 2024 asking Mrs J to contact it.

It seems at that point, after reviewing the information Barclays had received, the bank needed clarification of certain matters - including evidence to prove the existence of S. I can't fairly criticize the bank for reaching out to Mrs J to gather that information.

I acknowledge Mrs J's general point that the process took a further three months to complete – in February 2024. But for me to require Barclays to compensate S for this, I'd need to find they had made an error, caused avoidable delays or acted unreasonably which significantly impacted S – and I don't think they did. I'll explain why.

Mrs J did not challenge the investigator's timeline of events from November 2023 to February 2024, which broadly seems to be this:

- Mrs J spoke to Barclays on 27 November and told them they'd need to contact another person connected to S to obtain the information regarding S' existence. But despite their attempt to do so Barclays were unsuccessful.
- As noted above, Mrs J contacted the bank again on 1 December, and a link was sent to provide the required proof of existence document. And Mrs J told the bank she would respond within 7 days. However, when Barclays reviewed matters again on 18 December, no document had been provided. So, it sent a further letter to S confirming restrictions had now been applied to the Account and it would be closed if the information remained outstanding. The Account was then restricted.
- On 4 January 2024, the restriction was lifted and correspondence and branch visits continued – notably the following:
 - Barclays sent a further letter to S on 16 January confirming that it needed to get in touch to discuss the KYC review further.

- On 17 January, Mrs J was advised that the proof of existence document was still required. And the bank attempted to call Mrs J again on 23 January but was unable to get in touch.
- On 18 January, Mrs J returned the bank's call saying she didn't want to provide the proof of existence document by email. So, Barclays confirmed it could be sent by post.
- On 27 January, Mrs J visited a branch of the bank with a letter from a trustee of S confirming its existence. This was after attempting unsuccessfully to do so the previous day.
- The bank sent a further letter on 14 February still asking S to get in touch to discuss the KYC review.
- Although Mrs J called the bank on 16 February, she was unable to clear its security verification. And so, on 26 February, Mrs J made another branch visit where she spoke to a bank employee who confirmed that the KYC team now had the proof of existence document. After reviewing matters again, on 29 February, Barclays confirmed that the KYC review was now complete.

Looking at the above timeline, I'm unable to reasonably conclude Barclays caused avoidable delays or acted unreasonably in their request for information to complete the KYC review.

change of S's address

I'm aware as Mrs J has pointed out, that on 9 January 2024, without any obvious request to do so, Barclays updated the contact address it held for S. It seems that the proper address ie Mrs J's residential address was substituted in favour of the address from which S seemed to have been operating.

The result seemed to be that certain KYC letters – 14 February 2024 for example, requesting contact with the bank went to the changed address, rather than to Mrs J's. But I'm not persuaded this significantly impacted S. I say that because Mrs J was proactively engaged with Barclays in any event and did contact the bank on 16 February. In other words, I don't think the impact was sufficiently material to warrant an award of compensation.

was the KYC process unnecessarily burdensome in light of S' size?

I don't doubt Mrs J's testimony that she spent a lot of time on the phone and in written correspondence with the bank as well as visiting its branch. And I can understand why she feels in light of the size and turnover of S, the bank's requirements for completing the KYC and the efforts she had to make to satisfy them was disproportionate.

But as noted above, the KYC review was conducted to discharge the bank's legal and regulatory requirements. That involves conducting ongoing checks and monitoring of new as well as existing relationships regardless of the size of its customer. So, I would not criticize Barclays for doing so in relation to the Account.

personal impact on Mrs J

As well as the above matters, more broadly I did also consider whether it was appropriate to make an award to Mrs J for the distress and inconvenience she explained having experienced due to these events. Mrs J has explained the mental and physical impact these events had on her. I am sorry to hear that.

But Mrs J is a private individual. So, I have to think about the impact the poor service would've had on S. That is because in the circumstances here, S is the bank's customer. And for the reason just mentioned I've not been persuaded S has been significantly impacted by the events that took place after November 2023.

apology to S

I'm satisfied Barclays have already apologised to S for their errors. Their letter dated 4 December 2023 did so. And I think that was the right thing to do. More broadly, however, I don't think I could reasonably require the bank to apologise for discharging its KYC obligations.

I acknowledge that Mrs J will be very disappointed with my decision. But having taken all the evidence into account, including the further evidence she has provided after our investigator issued her opinion, I don't think it would be fair for me to order Barclays to do anything more in relation to this complaint.

I am satisfied that £75 which the bank has paid S, fairly reflects the impact of the issues raised in this case and is a fair way to resolve the complaint. I haven't been persuaded to increase the award further.

My final decision

For the reasons mentioned above my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 20 January 2025.

Asher Gordon
Ombudsman