

The complaint

A company, which I will refer to as R, complains that Barclays Bank UK Plc closed its bank account without notification – leading to payments intended for R going astray.

What happened

R's directors told us:

- R had a bank account with Barclays since 2000.
- One of R's customers, who I will refer to as G, made several payments into R's Barclays bank account: £1,320 on 3 August 2020, £2,400 on 18 June 2022, and £2,260 on 14 July 2022. R did not receive any of G's payments.
- They eventually discovered that R's bank account with Barclays had been closed. But Barclays did not tell them that – and there was no reason for Barclays to have closed the account. Other Barclays bank accounts belonging to associated companies remain open.
- They tried to make a joint complaint with G, but were told the two matters had to be considered separately. G's complaint against Barclays has not been upheld.

Barclays told us:

- R's bank account was closed due to dormancy in July 2013, and the last statement was issued in that month. There was no active account usage between October 2011 and July 2013, and its terms and conditions therefore enabled it to close the account.
- The details of R's bank account were "recycled", meaning that the sort code and account number were allocated to a different customer. That meant any payments made to R's old sort code and account number were paid into an account belonging to a third party.
- Barclays has not made an error here. The possibilities are: R has given old account details to G; R failed to give updated account details to G; or G did not check details before paying. In any event R will need to ask G to raise a recall request with G's bank.

One of our investigators looked at this complaint, but he did not uphold it. Briefly, he said that he was satisfied that R's account was in a dormant state in July 2013, and that Barclays was therefore entitled to close it. He also said that R should have been aware that its account was closed in 2013, and that it was R's responsibility to ensure that G had accurate and up-to-date payment information. If G failed to use the up-to-date payment information for any reason, that would not be Barclays' fault. His view was that Barclays was right to suggest that G made a recall request with G's own bank.

R's directors did not accept our investigator's conclusions. Briefly, they said:

- They were never informed that R's account had been closed, and so as far as they are concerned it has not been. They and their companies still have accounts with Barclays. They provided a recent Barclaycard statement for an account in R's name, and asked why the Barclaycard account was not closed if Barclays had decided to close R's accounts. They also said R's account could not have been in a dormant state, because if it had then their other Barclays accounts would have been affected.
- The funds in question have neither been received by R nor returned to G. R and G both bank with Barclays. So Barclays must be responsible for ensuring that the funds are traced and returned.
- If G had sent the funds to a third party, that payment would have been rejected – because the name on the payment was R's, and would not have matched the name on a third party's account. Barclays has accepted funds on behalf of R, and must therefore ensure that R receives those funds.

The matter was therefore referred to me to review.

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, whilst I am sorry to further disappoint R's directors there is very little I can add to what our investigator has already said.

Firstly, I accept Barclays' evidence that R's account was closed in July 2013. I know R's directors say that the account should not have been closed (in July 2013 or at any other time), but neither party has been able to provide me with any documents to suggest that the account was open after July 2013. If the account had remained open, then I would have expected one or both parties to have been able to provide me with more recent statements.

I do not know exactly what happened in 2013. Banks are not required to keep documents forever, and so I can't know what – if anything – R's directors were told about the account in 2013. But I can confirm that our investigator was right to say that banks have the right to close dormant accounts. Barclays has provided evidence which satisfies me that there was no activity on the account between October 2011 and July 2013, and in the circumstances, I do not criticise Barclays for closing the account due to dormancy.

The fact that R's directors (and associated companies) have other accounts with Barclays (or the separate entity Barclaycard) does not say anything about whether the account at the centre of this dispute was dormant. Barclays' position is that the *account* was dormant, not the company. It is entirely possible for one company to have multiple accounts with a bank, and for one or more of those accounts to be dormant whilst other accounts are being actively used.

Barclays is also entitled to recycle R's old account number and reallocate it to a new customer. That is a common banking practice, and again I cannot criticise Barclays for doing so.

I think it is possible that R's directors may have misunderstood the benefits of "Confirmation of Payee" (CoP), a service recently introduced by Barclays and other banks.

As UK Finance explains:

“Confirmation of Payee is a name checking service for UK based payments which provides customers (both personal and business) greater assurance that they are sending payments to the intended recipient, helping to avoid making accidental, misdirected payments to the wrong account holder, as well as providing another layer of protection in the fight against fraud and scams.”

However, although CoP does provide customers with greater assurance that they are sending money to the intended recipient, it does not entirely prevent payments from being misdirected. CoP checks are not carried on in all circumstances. Even if a CoP check is carried out and returns a “no match” warning (meaning that the recipient’s name does not match the name on the receiving bank account), the payer can still choose to ignore that “no match” response. I would not expect Barclays to have refused to carry out a payment instruction on the grounds the recipient’s name did not match the name on the account.

Barclays is right to say that the correct process here is for G to raise a recall request with G’s bank. However, I note that G also banks with Barclays – so Barclays is both the sending bank and the recipient bank in this case.

I am aware that G has previously complained to Barclays about this issue. It would not be appropriate for me to make any findings on G’s complaint here; this decision solely concerns R’s complaint about Barclays. However, I do note the possibility that Barclays may have investigated G’s complaint on the understanding that Barclays was the receiving bank only, and without realising that R’s original account details had been recycled. R may wish to ask G to make a recall request to Barclays, explicitly stating *both* that G is itself a customer of Barclays and sent the money from a Barclays account, *and* that Barclays has previously explained that the account details G made the payments to have been recycled.

Overall, I consider that Barclays has treated R fairly.

My final decision

My final decision is that I do not uphold this complaint from R against Barclays Bank UK Plc.

Under the rules of the Financial Ombudsman Service, I’m required to ask R to accept or reject my decision before 14 February 2025.

Laura Colman
Ombudsman