

The complaint

Mr S complained that Barclays Bank UK Plc wrongly closed S's business account without giving him any notice.

What happened

Mr S told us:

- In February 2023, Barclays closed his business account without giving him any warning. He only realised there was a problem when a transaction wouldn't go through, and when he rang Barclays, the bank wouldn't give him any information. He visited a branch the following day and was told his account had been closed.
- Barclays claims that he didn't respond to a request for information, but he didn't receive any such request.
- The branch staff apologised for the lack of notice, and admitted that the error was on the bank's part. They said the account would re-open in ten days, but it did not.
- The bank had £14,000 of his business' money, and only sent a cheque in April 2023.
- The episode caused great stress and impacted his health. All of the business' payments stopped, and it took at least four weeks of solid work before the business could function normally again. Even six months after the account as closed, some customers were still paying into the closed Barclays bank account.

Barclays told us:

- It has a regulatory responsibility to periodically review business records to ensure that the information it holds about its customers is up-to-date. To do that, it carries out Know Your Customer (KYC) reviews.
- It began its KYC review of Mr S's account in October 2021. It attached banners to Mr S's online and mobile banking asking him to provide information. He did not respond, so it sent several reminds followed by a Notice to Close (NTC) explaining that it would close Mr S's account in 60 days.
- Operational challenges meant that it did not close Mr S's account 60 days after it issued its first NTC, so it issued a second NTC in October 2022.
- Mr S still did not respond to its correspondence, so it closed his account on 9 February 2023. It issued a cheque for the balance of the account on 17 February 2023, and that cheque was paid in on 23 February 2023.

- Mr S asked for the account to be re-opened, and as a gesture of goodwill the bank agreed to do so. It re-opened the account on 28 February 2023 – but it still needed to complete its KYC process.
- It attempted to contact Mr S to complete the KYC, but was unsuccessful. It therefore issued a third (and final) NTC on 14 June 2023, giving Mr S 60 days' notice that it intended to close his account.
- It actually closed Mr S's account on 11 July 2023 (less than 60 days after the third NTC). The bank has apologised for that error, but in the circumstances it does not believe that Mr S was disadvantaged by its error.

One of our investigators looked at this complaint, but she did not uphold it. Mr S did not accept her conclusions, so the matter was referred to me as an ombudsman at the Financial Ombudsman Service.

My provisional decision

I issued a provisional decision on this complaint on 4 July 2024. I said:

"[M]y provisional conclusions are:

- Barclays was entitled to close Mr S's account on 9 February 2023.
- Barclays should not have closed Mr S's account for a second time on 11 July 2023, because it had not given Mr S sufficient notice of the closure.
- However, Mr S does not appear to have been using the account when it was closed for the second time, and in the overall circumstances I don't think it would be fair for me to award compensation.

I give more details about my findings below.

Is the complainant a limited company or a sole trader?

I am aware that Mr S initially complained on behalf of his limited company, and that our investigator considered whether Barclays had treated his limited company fairly. However, Barclays later told us that the account at the centre of this dispute belonged to Mr S personally, and that Mr S's limited company was not its customer. I am also mindful that the bank account was opened before Mr S's company was incorporated, and so could not have belonged to the company from the start.

Our investigator asked Mr S if he had any evidence to show that the account belonged to his limited company, but he did not reply. I have therefore assumed that Barclays is right to say that the account belonged to Mr S personally. I may change my mind on that point, or indeed on any other, in the light of further information from the parties.

Was it fair for Barclays to close Mr S's account in February 2023?

Banks in the UK are strictly regulated, and must take certain actions to comply with their legal and regulatory obligations. That sometimes means, as in this case, that a bank carries out a KYC review.

I have no concerns about Barclays' decision to review Mr S's account, so I must consider whether Barclays acted fairly when it carried out that review. I acknowledge that Mr S will strongly disagree with me, but I am provisionally satisfied that it did. As our investigator set out, Barclays says it sent multiple notifications to Mr S, both digitally and by post, and on balance I consider it likely that those documents were indeed sent, on the dates Barclays says they were sent, and to Mr S's correct address.

Mr S did not respond to those notifications, so Barclays sent an NTC. The bank did not close the account after that notification, but it did close the account on 9 February 2023 – a little over 60 days after it sent its second NTC. I consider that Barclays was entitled to close Mr S's account in those circumstances, and that it communicated appropriately with him before doing so.

Was it fair for Barclays to close Mr S's account in July 2023?

Barclays re-opened Mr S's account following his complaint, but warned him that it would close the account again if he did not provide the information it needed to complete its KYC process. He says he could not have provided that information even if he had wanted to, because Barclays gave him no instructions as to how to submit it.

(As an aside, I think it is unlikely that Mr S would ever have been able to provide the information Barclays needed in order to keep this account open. The account belonged to him personally, as a sole trader, and yet he appears to have been trading through his limited company. I am aware that Barclays does not usually allow limited companies to simply take over accounts initially set up by sole traders, and it requires the first account to be closed and a new one to be opened. If Mr S had answered Barclays' questions, I think the most likely outcome is that his account would still have been closed.)

Barclays issued a third NTC on 14 June 2023, explaining that it would close Mr S's account in 60 days, then went on to close the account for a final time on 11 July 2023 – less than 60 days after the NTC was issued. I think Barclays was wrong to close the account, because it had not given Mr S the notice it had promised to him.

I make no findings as to whether Barclays gave Mr S instructions after 28 February 2023 on how to submit the information it needed. Regardless of whether Barclays did or did not give the appropriate instructions, I would still say that Barclays was wrong to close his account without giving him sufficient notice. However, in the particular circumstances of this complaint, I don't think Barclays' mistake caused Mr S to suffer financial loss or material inconvenience.

If Mr S is able to provide evidence to show that he suffered losses because his account was closed in July rather than August 2023, I will consider his further comments. However, based on the information I have now, I understand that the amount of money left in Mr S's Barclays account in July 2023 was negligible, that he wasn't using the account, and that he had already opened an account elsewhere. As a result, I don't think he suffered any loss because the account was closed early. I note that Barclays has asked us to pass on its apologies for its error, and I think that apology is enough."

Barclays accepted my provisional decision, but Mr S did not. He reiterated that he does not believe that Barclays sent any letters to his address, nor does he believe that it put a digital banner on the app. He considers that I have blindly accepted Barclays' comments, and

based my decision on nothing concrete at all. (He did not comment on the issue of whether the account belonged to him personally or to his limited company, nor did he make any comments on the second closure in July 2023.)

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 have come to the same conclusions as I did in my provisional decision, for the same reasons.

I acknowledge that Mr S does not accept that Barclays sent the notifications it says it did. Where there is a dispute about what happened, I will base my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence.

In this case, I have reviewed the audit history Barclays has provided, and on balance I am satisfied that it is more likely than not that Barclays sent multiple notifications to Mr S – explaining that it was carrying out a KYC review and needed information, providing reminders, and then issuing a Notice to Close. I accept that there is a possibility that Barclays did not in fact send that correspondence, but I think it is likely that it did. (In any event, given that Mr S appears to have been using his sole trader account for his limited company, it is possible that Barclays would have legitimately closed the account even if Mr S had provided the information Barclays wanted.)

I appreciate that Mr S will be very disappointed with my decision, but overall I consider that Barclays treated him fairly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 August 2024.

Laura Colman
Ombudsman