

The complaint

D a limited company complains Barclays Bank UK PLC closed its account without warning and provided poor service.

D is represented by its directors – Mr and Mrs A.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

D held a business account with Barclays, which it had opened in 2017. As the account had been inactive for over 18 months Barclays reviewed the account.

Following this review, it issued D a notice on 16 December 2022 that the account would close in March 2023 if no action was taken with the account.

Barclays says no response was received so the account was made dormant – this means the account was restricted and couldn't be accessed online or using the mobile app. The account also would be unable to accept any payments in or out. D's account was closed on 20 March 2023. At the time the balance of the account was just over £97.

Mr A says he never received the letter Barclays sent in December 2022. He's explained that on or around 1 November 2023, he and Mrs A were informed by a client that payments to D's account were being declined. Mr A says that he then discovered that his Barclays mobile app did not list the D's business account.

Mr A contacted Barclays to try and find out why D's account had been rendered dormant and closed. Mr A told Barclays that he hadn't received the letter and that the bank should have contacted him and Mrs A through alternate channels such as emails, texts, or mobile app messages.

On 4 November 2023, Mr A attended a branch with his identification. However, due to the low balance of the account, and staff not realising D's account was a business account. – which required identification to be provided, Mr A's identification wasn't copied to the bank's systems. However, staff raised a dormancy claim to trace D's account and recover the balance. Mr A says during the visit staff told him he'd receive D's account balance within seven days.

Barclays accepted it made a mistake not taking copies of Mr A's identification on 4 November 2023. Barclays issued a letter for Mr A to provide identification on 16 November 2023 in order to reclaim D's account balance. On 16 November 2023, Mr A visited a branch and opened a new business account for D.

On 4 January 2024, Barclays wrote to Mr A and told him that it had located D's account. Barclays said to release the balance it needed Mrs A signature. Mr A visited a branch again

on 20 January 2024, and provided Barclays with all signatures to have the account balance released.

Mr A complained to Barclays. He said he'd spent hours on the phone and visited a branch on more than one occasion to try and find out why D's account had been closed. He maintained that he'd not received the letter Barclays sent about closing D's account, and said Barclays should have used other channels to contact him. Mr A also said that Barclays took too long to complete its investigation and had given him incorrect information.

In response Barclays said it hadn't done anything wrong when it had closed D's account. And said it had followed its dormancy process correctly. However, it accepted it that in the absence of any evidence to the contrary Mr A had more likely than not been told he'd receive D's account balance within seven days – when the timeframe was twelve weeks. To put things right Barclays offered Mr A £25 compensation.

Mr A remained unhappy and brought his complaint to our service. In summary he said he wants:

- Compensation for his embarrassment in front of D's clients, delayed payments, and emotional distress incurred as a result of these challenges. He wants Barclays to compensate D with £10,000.
- Implementation of measures to prevent similar occurrences for other customers.
- Establishment of procedures to ensure timely communication through multiple channels, thereby facilitating customer awareness and action prior to account closure.
- Timely completion of investigations to mitigate customer time wastage.
- Provision of adequate training to staff to prevent customer misinformation.
- Enhancement of procedures to enable instantaneous balance transfers to another account, accompanied by proof of identification.

After Mr A brought his complaint to us, Barclays looked at everything again. It said the accounts closure was correct, and the dormancy process was followed correctly. However, it accepted it made an error in the branch when staff did not record the identification for the dormancy claim on 4 November 2023. To put things right Barclays offered Mr and Mrs A £200.00 compensation and compensatory interest in recognition of the inconvenience caused.

An Investigator reviewed the complaint and in summary, they said:

- Barclays had contacted D to explain the account would become dormant.
- Barclays had given Mr A some conflicting information, his concerns were not always addressed and it was clear that there were some avoidable delays. Taking everything into account, they said the customer service fell below the standard Mr A was entitled to receive.
- It's not the role of our service to require Barclays to change its processes – that's the role of the regulator, The Financial Conduct Authority (FCA)
- Barclays offer of £200 plus interest was fair and reasonable.

Barclays accepted the Investigator's view and recommendations.

Mr A disagreed and said the amount of compensation offered doesn't adequately reflect the amount of trouble and upset he'd suffered. He said a more suitable amount of compensation is £10,000. He also said that Barclays communication for account closures is poor and should include digital communications.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final decision.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr A and Barclays have said, before reaching my decision.

Firstly, I've considered Barclays' decision to close D's account. It is common for banks such as Barclays to have their own dormancy process. In general, there is no set time a bank or building society must use to determine that an account is dormant – there is only industry guidance and good practice. Barclays has explained that its policy is that when a business currency account had been inactive for 18 months or more, to reduce risk of fraud and comply with its regulatory duties it will make a decision to make the account dormant. In D's case as there was a balance on the account it contacted Mr A to explain action needed to be taken in order for the account to remain open. Based on the information I've seen I think Barclays acted reasonably in beginning the dormancy process.

Mr A has said that he never received the letter Barclays sent to him about D's account being rendered dormant on 16 December 2022. I've seen a copy of the letter that Barclays sent and I can see that it is correctly addressed. I've also seen Barclays contact notes which shows the letter was dispatched. Mr A hasn't made us aware of any postal issues he was experiencing at the time. And it wouldn't be fair to hold Barclays responsible for any problems Mr A may have had receiving post. So, I'm satisfied that Barclays sent the letter to Mr A.

It's not in dispute that the key issues occurred after the decision had been made to render D's account as dormant. Barclays accept that its service fell below reasonable standards and Mr A was provided with inconsistent and unclear information. Therefore, the key issue for me to consider is the impact these issues had on D.

Firstly, I must highlight that Barclays' customer in this situation is D – because this is D's business account, and D is a limited company. This means D is a separate legal entity so I can only make an award for any inconvenience D experienced because of Barclays' errors. I appreciate the dormancy of the account had an impact on Mr A directly – but I am not able to consider the distress caused to him in a personal capacity.

With that in mind, I've looked at the impact claimed by D in response to Barclays' offer, in order to establish what losses D has suffered, if any, that wouldn't be compensated for by 8% interest and the £200 inconvenience payment. And having done so, I won't ask Barclays to increase this amount. I will explain why.

Mr A has referred to the numerous instances he was told incorrect information by Barclays. I can see that when Mr A contacted Barclays the next steps for the account weren't made

clear, he was given incorrect information about how long it would take for D's balance to be released, and there were delays.

Following this Mr A began a reclaim process for funds held within the account, but he was incorrectly informed that he didn't need to provide identification. I can appreciate Mr A's frustration at the repeated errors at this stage. In circumstances such as these we would expect a business to acknowledge the errors and offer compensation – which is what Barclays has done here.

As well as the poor service, Mr A has detailed the embarrassment he suffered when clients couldn't make payments into D's accounts and has said D had to incur late payments. But he's not provided any evidence of this. So, it wouldn't be fair for me to award D compensation for something there's no evidence of.

I've thought carefully about Mr A's comments in light of the timeline of events. It was apparent when Mr A was in touch with Barclays in November 2023 that the account wasn't fully operational. In circumstances such as this – where there is a business issue or error – there is an expectation that a customer will try and mitigate losses. Mr A opened another business account for D's payment and although this caused additional inconvenience, I don't think it warrants compensation at the level Mr A has outlined.

Mr A seeks £10,000 for the time he spent dealing with the issues that arose following Barclays' decision to make D's account dormant. I agree Mr A had to spend time and effort rearranging matters and dealing with Barclays. However, I don't consider compensation at the level Mr A seeks appropriate. Although this was an account for D, I can't see that it was its main account for its day-to-day business. Further, in the months leading up to the dormancy the account hadn't been utilised for payments in. As such, I don't consider the impact to be so extensive that the compensation needs to be increased.

The Investigator said Barclays offer to pay Mr A £200 to recognise the inconvenience caused to D together with compensatory interest was fair. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In D's case I've considered the timeline of events, and actions I had to take, and I'm satisfied the £200 compensation award in total alongside the 8% simple interest for being deprived of funds recognises the inconvenience caused. So, I won't be asking Barclays to do anything more to resolve D's complaint.

Finally, I acknowledge Mr A's comments around how he believes Barclays should communicate with its customers – particularly in the use of digital communications and to be more environmentally responsible in the use of paper. It's important to explain that it's not the role of this service to supervise, regulate or impose fines on any business. It's also not our role to ask a business to alter its procedures or enforce changes to policies. That's the role of the regulator, The Financial Conduct Authority. My remit here is to decide whether I think Barclays acted fairly and reasonably when applying those policies and procedures in the individual circumstances of Mr A's complaint. However, I note that Barclays has acknowledged Mr A's suggestions and said that it will review how it communicates in the future. I hope this gives Mr A some level of comfort that Barclays have taken on board his comments.

In summary, I realise Mr A will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I won't be directing Barclays to do anything more to resolve D's complaint.

My final decision

For the reasons I've explained, Barclays Bank UK PLC has already made an offer to pay £200 compensation and pay 8% simple interest per annum from the date D's access to the funds were restricted until the date the funds are released to settle the complaint and I think this offer is fair in all the circumstances.

So, my final decision is that Barclays Bank UK PLC should:

- Release D's funds (if not already done so) and pay 8% simple interest on the full balance from the date D's access to the funds was restricted until the date of the refund*.
- Pay P £200 compensation for the inconvenience to D.

*If Barclays Bank UK PLC considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 7 April 2025.

Sharon Kerrison
Ombudsman