

The complaint

A company, which I will refer to as M, complains that Barclays Bank UK Plc wrongly closed its bank account.

What happened

Barclays told us:

- In 2023 it carried out a Know Your Customer (KYC) review of M's bank accounts.
- M's representatives were complying with that review. However, Barclays wrongly closed M's sterling bank account without giving M any notice. The bank also accepts that it gave M's representatives incorrect information about the KYC process, failed to update M on what was required, and delayed sending M's funds to it.
- It considers that a payment of £850 would represent fair compensation for the inconvenience its errors caused. (It initially offered £750, then increased its offer by £100).

One of M's directors told us:

- When he discovered the account closure he made several calls to Barclays without success, then flew from his home (which is not in the UK) to visit M's original branch. He sat for several hours with two local managers who were unable to solve the problem with M's sterling bank account. The managers assured him that the funds in M's dollar account would be transferred to an account belonging to a company associated with M, but that did not happen when they said it would. He had several more conversations with Barclays over the next few days before the funds from the US dollar account finally arrived.
- He eventually had to approach another bank. The other bank was able to provide his company with a bank account, enabling him to salvage the business that Barclays almost wrecked. However, he and two of his team members still had to spend many hours contacting suppliers and clients about the change in the company's banking arrangements, as well as spend time rearranging standing orders and so on. He also had difficulty in obtaining information about the closed bank account to present to M's auditors.
- The closure of M's bank account triggered a compliance review from a third party M has an important contract with. If M had lost that contract, the consequences would have been devastating.
- The compensation Barclays has offered is paltry and does not even meet his costs. He had to stay in the UK for four days as a result of Barclays' error, and the resulting costs were approximately:
 - £725 in transport costs (plane, train and taxi);

- £800 for four nights of hotel accommodation; and
- £300 for food during his trip.
- Overall, he considers that bank should pay £3,000 in compensation – to include the costs listed above, and an additional amount for stress caused, mental damages, loss of business, and the time it took to set up an alternative account with another bank.

One of our investigators looked at this complaint, but did not feel able to recommend any more compensation than the £850 Barclays had already offered. He didn't think M's director's journey to the UK was necessary (regardless of where M's other director lived), so he didn't think Barclay should cover the costs of that journey. He acknowledged that the directors had suffered stress, but the complainant here is the company – and corporate bodies like M are not capable of suffering distress. In addition, he said he couldn't make an award for things that might have happened but didn't (such as the possible loss of an important contract). He accepted that M had suffered inconvenience, but he thought the amount Barclays had already offered was sufficient.

Barclays accepted our investigator's findings, but M's director did not. He said he did not agree that Barclays' offer was reasonable, and that all he has asked for is the return of all costs and something towards the time involved in fixing Barclays' error.

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 M's director there is very little I can add to what our investigator has already said. I have come to the same conclusions as he did, for broadly the same reasons. I will explain further below.

In this case there is no need for me to decide whether Barclays made an error here; everyone accepts that it did. The dispute is over what Barclays needs to do to put that error right.

I have first considered the issue of financial loss. M's director says that financial loss was suffered because he needed to travel to the UK to visit a Barclays branch in person to resolve the matter. Barclays says that it did not ask the director to visit a branch, it does not believe there was any need for him to do so, and therefore it is not prepared to pay the costs associated with his visit.

I know there has been a discussion between the director and our investigator about whether the travel costs were the director's individual costs or losses attributable to the company. But in either case, I don't think it would be fair for me to order Barclays to pay those costs. I accept Barclays' evidence that it did not ask the director to visit a branch, and that it was his choice to do so. Visiting a branch meant that he incurred significant costs – because he does not live in the UK – but I don't think that was Barclays' fault. The director could have made a complaint to Barclays, or indeed to our service, without coming to the UK at all.

I acknowledge that the director wished to resolve the matter urgently, and that he hoped visiting the branch would help him to do that. But it was still his choice to travel to the UK, and I don't think it was something he needed to do.

Moving on to the issue of distress, the director has spoken eloquently about the distress he and others suffered personally as a result of Barclays' error. But I cannot make an award for

the distress suffered by the director or by any other individuals associated with M – because they are not the complainant, and I have no power to make an award to anyone other than the complainant. The complainant company, M, is a corporate body and is therefore not capable of suffering distress.

However, companies can suffer inconvenience – and I am satisfied that M suffered significant inconvenience here. M's director (and other staff) spent time opening a new account elsewhere, changing standing orders, and making new arrangements with M's associates. It is therefore right that Barclays should make a payment to compensate M for that inconvenience.

Putting things right

We publish information on our approach to awards for inconvenience on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

After considering all the evidence, and applying my own judgement, I see no basis on which I could fairly order Barclays to pay more than the £850 that the bank has already offered.

My final decision

My final decision is that I order Barclays Bank UK Plc to pay M £850.

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

Laura Colman
Ombudsman