

The complaint

A sole trader, who I will refer to as Mr W, complains that Barclays Bank UK Plc wrongly blocked his bank account.

What happened

Mr W told us:

- He is a longstanding customer of Barclays, and has held a Barclays bank account for over 25 years. He has always remained in credit, never gone overdrawn, and pays money in on a daily basis.
- Barclays contacted him in early 2022 asking for his trading address. That appeared to be a simple question, but it led to a chain of events in which he and his wife attempted to provide information to Barclays more than 20 times. They made continuous calls to Barclays, forms were sent to them in the incorrect format, and their emails went unanswered.
- During each episode, Barclays locked his bank account. Barclays did that at least six to eight times, and on each occasion he was unable to operate his business because he couldn't access his account.
- Barclays used the word "restrictions", but in reality the bank completely shut down his account. His account normally sits at around £25,000 to £30,000 in credit, but he had no access to his funds.
- Barclays offered him compensation of £200, which is nowhere near adequate for the stress the issue has caused him and his family. He gave Barclays the address that it needed numerous times, yet the bank thought it had the right to lock his account. It continued to deduct charges throughout, even though he was unable to use the services he was paying for.
- He estimates that he was unable to work for at least 10 days (and probably longer). He is usually able to earn an average of £500 per day, so he considers that Barclays should pay at least £5,000 in compensation for loss of income.

Barclays told us:

- It carried out a Know Your Customer (KYC) review of Mr W's account. It is legally obliged to carry out KYC reviews for all of its customers, and although it is sorry that Mr W found the review inconvenient it does not apologise for carrying out the review.
- As part of its review, it needed evidence of Mr W's trading address. The evidence Mr W initially provided did not meet its criteria, but he later provided evidence that the bank was able to accept.

- It accepts that its customer service could have been better. In particular, Mr W spent a long time on hold on the phone, and it failed to answer all of his emails. It agrees that it should pay compensation for its customer services failures.
- However, it considers it was correct to apply restrictions to Mr W's account. Some of those restrictions only prevented him from applying for new products, and did not affect his access to his money. It did block Mr W's debit card and online banking in December 2023 and February 2024, but on each occasion it removed the block as soon as Mr W called its KYC team.
- Overall, it considers that the £200 it has offered represents fair and reasonable compensation for its customer service failures.

One of our investigators looked at this complaint, but she thought Barclays' offer was fair. Briefly, she said:

- Financial businesses like Barclays have to comply with numerous legal and regulatory obligations, and sometimes those obligations mean they are unable to act on their customers' instructions.
- Barclays has apologised for the impact of the account restrictions, the time Mr W spent on the phone, and for the issues Mr W encountered during the KYC review.
- Barclays was carrying out its process when completing the KYC review, and the information it requested was required as part of the bank's regulatory process. Mr W did experience issues, but the £200 Barclays has offered is fair and takes into account the inconvenience caused.

Mr W did not accept our investigator's conclusions, so the matter was referred to me for review.

My provisional decision

I issued a provisional decision on this complaint, in part to give Mr W a final opportunity to provide me with any evidence that he wanted me to consider. I said:

"Whilst I am sorry to further disappoint Mr W I can't see any basis on which I could fairly order Barclays to pay him additional compensation. But I will consider any further evidence the parties provide by the date shown at the top of this provisional decision, and I may change my mind in light of their further evidence.

In principle, I have no concerns about Barclays' decision to undertake a KYC review of Mr W's account. Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. They are required to carry out ongoing monitoring of new and existing relationships (even if those existing relationships have been in place for decades). That sometimes means, as in this case, that a bank chooses to carry out a KYC review.

Banks are also entitled, and in some cases required, to restrict and/or close accounts if they cannot satisfy their KYC obligations. I know Mr W is very unhappy that Barclays restricted his access to his own money, but in principle

that is something Barclays is entitled to do. In the circumstances here, I don't see anything unfair about the way in which Barclays exercised that right.

I acknowledge that complying with a KYC review can be very inconvenient for a bank's customers, but I cannot award compensation simply because a bank carried out its regulatory obligations. However, I can consider how a review was carried out, and potentially award compensation if a bank's errors led to losses for its customer.

Here, I'm satisfied that at the time Barclays applied blocks and/or restrictions to Mr W's account, it did not have the information it needed about him and his trading address. But I am also satisfied that Barclays could – and should – have been much more helpful about explaining what it needed. I can see that Barclays didn't always respond to emails or other contact from Mr W or his wife, and if it had done so I think it is likely that Mr W would have sent the information Barclays needed much earlier. I also note that all parties appear to accept that Mr W's phone calls to Barclays took much longer than they should have done. It is therefore clear that there have been customer service failings on Barclays' part, but at the moment I don't have sufficient evidence to conclude that Barclays caused Mr W to suffer actual financial loss.

There is a dispute between Mr W and Barclays about how many times it blocked his card. He says it was blocked six to eight times, but Barclays has only given us details of two blocks (on 4 December 2023 and 16 February 2024). Barclays has also said that the blocks were removed as soon as Mr W or his wife called its KYC team.

I will consider any further evidence Mr W can provide about the timings of the blocks, and about the impact those blocks had on him. I cannot be prescriptive about the evidence Mr W should submit, because I don't know what is available to him. But he might for example be able to give me the exact dates of any blocks, provide bank statements to show the periods when no payments were made, and tell me what he did to try to remove each block.

Subject to anything further that Mr W might share with me, my final decision is likely to say that Barclays only blocked Mr W's debit card twice, and that the block was swiftly lifted once Mr W or his wife got in touch with the bank. At the moment I don't have the evidence to allow me to conclude that Barclays' errors prevented Mr W from working for 10 days (or at all), and so I am not intending to order Barclays to pay him compensation for any financial losses he may have suffered.

Whilst I don't currently have enough evidence to make an award to Mr W for financial loss, I do have enough evidence to be satisfied that he has suffered distress and inconvenience. We publish information about our approach to such awards on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

As I've said, I will not award compensation for the inconvenience Mr W suffered because Barclays chose to carry out a KYC review. Barclays is right to say that it is legally required to carry out such reviews – and whilst I have no doubt that it was very inconvenient, I can't say that Barclays made a mistake in asking Mr W for information about himself and his business. But I can say that Barclays made a mistake when it failed to reply to Mr W's emails,

and when his phone calls to the bank took much longer than they should have done.

Looking at what happened here, taking our guidance into account, and applying my own judgement, I think that the £200 Barclays has already offered does represent fair compensation for the customer service issues.”

Barclays accepted my provisional findings, but Mr W did not. Briefly, he said:

- Barclays still hasn't given a clear explanation as to why its KYC team failed to give correct information, guidance and help throughout the whole drawn out procedure. It has not given an explanation as to why it sent documents that were not compatible with his devices (including laptops, ipods, and phones), nor has it explained why one of its staff members did not respond to the emails he and his wife sent. He would like Barclays to explain the reasons for its failures, which affected his income.
- It is an understatement to say he spent “a long time” on the phone, and Barclays should use their recorded conversations to investigate how long he spent dealing with this matter.
- There was never a problem with him wanting to apply for new products – the problem was that he was unable to use his debit card on numerous occasions. Twice that happened over a weekend, meaning that his account could not be unblocked until late Monday after Barclays' staff returned to work.
- The 10 days of lost work he referred to was an estimate of the time taken trying to get information across to Barclays. Then the two occasions his card was locked over the weekend make up 56 hours alone, without all the time spent completing documents provided in an inadequate format and so on.

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 have carefully considered Mr W's further comments, but I have reached the same conclusions as I did in my provisional decision, for the same reasons.

I know Mr W would like an explanation as to why Barclays took various actions, but my role as an ombudsman is not to determine why a bank has made a mistake. Instead, my role is to decide what the bank needs to do in order to put that mistake right.

There is still a dispute between Barclays and Mr W about how many times it blocked his card, but having considered the evidence both parties have provided I think it is likely that Barclays blocked his card only twice – and unblocked his card shortly after he made contact with the bank. I know Mr W says the blocks happened more often than that, but he has not been able to provide me with dates.

Overall, I remain satisfied that a payment of £200 represents fair compensation in this complaint.

My final decision

My final decision is that I order Barclays Bank UK Plc to pay £200 to Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or

reject my decision before 21 March 2025.

Laura Colman
Ombudsman