

The complaint

A company, which I will refer to as B, complains that Barclays Bank UK Plc wrongly suspended access to its bank account for a period of nearly two months, and then closed the account.

What happened

B's directors told us:

- Barclays began asking questions about B's business information in late 2022. B's accountant provided that information in September and October 2022, but the login page for their online banking still said that information needed to be updated.
- B's accountant attempted to telephone Barclays at least seven times during early 2023, but they did not hear from the bank.
- Barclays blocked access to B's account in September 2023. They called Barclays twice in early October 2023 and the bank confirmed it had all the information B's accountant and provided, but it still went on to close B's account in November 2023.
- B's business operations were considerably limited by the fact B did not have access to its account for nearly two months. B also suffered loss of reputation and credit with both customers and suppliers, and had to commit its account team to this issue for many weeks when they should have been focusing on growing their customer and supplier accounts.

Barclays told us:

- It carried out a Know Your Customer (KYC) review of B's account, and asked B to provide information. B did provide documents, but they were not reviewed due to a bank error. It then incorrectly closed B's account on 1 November 2023.
- It did not reopen the account until 29 November 2023. It accepts that it has provided a poor service to B, and that it should not have closed the account.
- It initially offered £200 in compensation, but B's directors said that they thought £30,000 would be more appropriate.
- It has since increased its offer, and would like to pay £400 to compensate B for the inconvenience this matter caused, as well as interest at a rate of 8% per year simple on the balance of B's account for the period the company was without its funds (amounting to £160.96).

B's directors did not accept Barclays' offer. They said the bank made a mistake in closing the account, and this created a lot of additional work and associated costs. They consider

that a token offer is unacceptable, and £400 does not even cover the additional daily cost of just one of the resources B had to use to deal with the situation. They included:

- Two customer account managers to work with customers whose payments were not received due to the account closure;
- Time and effort spent by B's accountant and directors to work with suppliers whose services were left unpaid due to the bank's cancellation of B's direct debits;
- Time and effort spent by B's accountant and directors to contact the bank and resend previously supplied information;
- Directors' time in Board meetings, and managing cash flow while the account was closed or blocked; and
- Resources spent in following up with all external parties after the access to the account was restored in order to re-establish payments and processes.

Our investigator said he was satisfied that Barclays had followed its process correctly, and so he couldn't recommend that the bank increase its offer.

B's directors did not accept our investigator's conclusions, so the complaint was referred to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint in January 2025. I said:

"I think it is clear that Barclays made mistakes. I note the bank accepts that it provided a poor service, and that it should not have closed B's account. The issue now is about the amount of compensation that should be paid.

My aim in considering compensation is, so far as possible, to put B into the position it would have been in if Barclays had made no errors.

B's directors told us that the suspended account contained around £30,000, and that is the amount they are seeking in compensation. But I don't think it would be fair for me to simply award the balance of the account as compensation. Instead, I need to consider the impact of the bank's errors on B.

Financial loss

I'm aware that Barclays' terms and conditions say that it won't be liable for loss of business, loss of goodwill, loss of opportunity or loss of profit under any circumstances. But Barclays' terms and conditions do not determine this complaint; my role is to determine an outcome that is fair and reasonable in all the circumstances.

I have carefully considered B's claim for financial loss, but I have not seen sufficient evidence to persuade me that it would be fair for me to make an award in excess of the £160.96 that Barclays has already offered.

I have no doubt that B's account managers spent time attempting to resolve the problems caused by Barclays. But I haven't seen evidence to show that they spent

so much time away from their normal duties as to impact B's profitability. Similarly, I haven't seen evidence to show that time spent by the board members, accountant, or anybody else on this issue resulted in a financial loss to B.

Inconvenience and other non-financial loss

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

Barclays mistakes here had a serious impact on B for around two months, with some ongoing impact even after B's account was re-opened. I know B's directors will be extremely disappointed with my findings, but taking our guidance into account and applying my own judgement, I consider that Barclays' offer of £400 does represent fair compensation for the inconvenience it caused.

I want to stress that any award I make here will be to the complainant, B, and will reflect loss suffered by the complainant itself. Limited companies like B, as corporate bodies, are not capable of suffering distress (or any other emotion) and so I cannot make an award here for emotional harm. I acknowledge that Barclays' error is likely to have caused considerable distress to B's directors, and potentially also to B's accountant and staff members. I don't underestimate that distress, but I have no power to award compensation for it...

Subject to any further evidence or arguments that I receive by the date shown at the top of this provisional decision, I intend to order Barclays Bank UK Plc to pay B a total of £560.96 (£400 for inconvenience, and £160.96 for financial loss)."

B's directors did not accept my provisional decision. Briefly, they said:

- Barclays' service was not merely "poor" – B experienced the disablement and ceasing of the service in its entirety.
- They are not looking for compensation for emotional reasons, but they are seeking compensation for the tangible business impact and consequences of Barclays' actions.
- B suffered quantifiable loss of just over £8,700 (taking into account the time spent by its directors and accountant on this issue). It also suffered further costs which are not easily quantifiable, including the cancellation of various direct debits.
- A decision in Barclays' favour will send the signal that the bank is essentially immune from any action as a consequence of its mismanagement and errors in dealing with its customers' accounts.

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 B's directors I have reached the same conclusions as I did in my provisional decision, for the same reasons. I now confirm those provisional conclusions as final.

As an ombudsman, I have no power to fine or punish banks like Barclays, nor do I have the

power to order Barclays to change the way it deals with its customers generally. That role falls to the industry regulator, the Financial Conduct Authority. My role is to consider the individual complaint in front of me, and reach a determination that I consider to be fair and reasonable in the circumstances of that individual complaint. That is what I have done here.

I have carefully considered B's directors' additional evidence, and I thank them for the time they spent putting it together for me. However, I am still not persuaded that Barclays' mistakes caused anyone associated with B to spend so much time away from their normal duties as to impact B's profitability. I remain satisfied that £400 is fair in respect of the inconvenience that B suffered, and £160.96 is fair in respect of financial loss.

My final decision

My final decision is that I order Barclays Bank UK Plc to pay B £560.96 (£400 for inconvenience, and £160.96 for financial loss).

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 14 March 2025.

Laura Colman
Ombudsman