

The complaint

E, a charity, complains about the way Barclays Bank UK PLC dealt with a “know your customer” (“KYC”) review, and with its request to change the signatories on its mandate.

E has been represented in this complaint by one of its trustees, Mr O.

What happened

The Know Your Customer review

In December 2022 Barclays wrote to E explaining that it needed to carry out a KYC review. Over the following months Barclays requested, and E provided, information needed for the review. Barclays’ records show that the review was ultimately completed in September 2023.

Mr O says Barclays’ staff gave conflicting information about what was needed, and repeatedly told E that Barclays had everything it needed, only to come back saying that it needed more and would suspend E’s account. He says E sent Barclays most of the information it had requested three times before the review was completed.

The mandate change request

In April 2023 E wrote to Barclays enclosing a form asking it to change the signatories on its account. It provided the names of three signatories who it wished to be added and it asked Barclays to remove three of the then current signatories, who it explained were no longer trustees.

Barclays wrote to E to say that the mandate change form had been signed incorrectly. It said the section of the form authorising the changes had been signed by two of the new officials, but its requirements were that one of those signatories needed to be an existing or outgoing official. It said if the existing official was no longer in contact with E, it should confirm this in a letter signed by the same two officials as the relevant section of the form.

Since then, E has completed the change of mandate request form several more times. But on each occasion, Barclays has told it that the form still hasn’t been completed correctly or that information is missing. The most recent correspondence that I’ve seen is a letter Barclays sent to E in late June 2024, in which it said that it hadn’t received a completed personal details form for one of the trustees. It asked E to arrange for that person to complete a personal details form, to ensure that they provided their address history for the last three years on the form, and to provide certified identity and address documents for that person. It said that in addition, one of the trustees’ signatures was missing in the authorisation of account changes section of the form, which needed to be signed by all trustees registered on the Charity Commission’s website.

Mr O says Barclays’ failure to remove the outgoing trustees from the mandate means that people who are no longer connected to E have access to its money. He says he’s an unpaid trustee and has had to spend a huge amount of time trying to resolve the issue.

In response to E's complaint, Barclays acknowledged that E was unhappy that it had asked for further information multiple times, and had experienced long waiting times on the phone and poor service from staff, who had given E conflicting information. It said it agreed that it had let E down and offered to pay E £150 in recognition of the inconvenience caused.

One of our investigators considered the complaint. He said that he'd asked Barclays for information about the issues E had complained about, but hadn't received a response. Based on the information E had provided, he thought that the £150 that Barclays had already paid to E was fair to reflect the inconvenience caused by the KYC review. He said that E had confirmed that its account was now operational, but that Barclays should assist E with the removal of two signatories from the account. He didn't, however, think that Barclays needed to pay E any compensation for the issue regarding the signatories, as it hadn't suffered any loss or inconvenience as a direct consequence of the issue.

E didn't agree with the investigator's view, so the complaint was passed to me.

My provisional findings

After considering all the evidence, I issued a provisional decision on this complaint to E and to Barclays on 18 September 2024. I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Barclays has provided the information that we asked for. It appears that it previously sent it shortly after the investigator first asked for it, but for reasons which aren't clear, it didn't reach him.

The Know Your Customer review

Banks have extensive legal and regulatory responsibilities when providing account services to their customers. They are required to keep up-to-date information about their customers, whether new or existing. It was in the course of meeting those responsibilities that Barclays asked E to complete the KYC review.

E has pointed out that Barclays already held some of the information it asked for. But I don't consider that to be unreasonable, given Barclays' responsibility to ensure that the information was up-to-date. I can understand Mr O's frustration at having been led to believe that Barclays had everything it needed, only to be asked for further information. But it isn't unusual for banks to request more information once they've considered the information supplied by the customer. And even if Barclays told E that it had everything it required, I don't consider that it was unfair or unreasonable of it to ask for further information if it subsequently discovered that it needed it.

Although E has complained that its account was suspended on occasion during the KYC review, I haven't seen anything to suggest that it experienced any financial loss as a result. I acknowledge that Mr O says he spent a considerable amount of time dealing with the KYC review. But the complainant here is E, rather than any individual, and I can't require Barclays to pay compensation for personal inconvenience that Mr O or any other trustees may have experienced. Barclays has accepted that E experienced some inconvenience in communicating with it about the KYC review. But I consider the £150 that it's offered E to be fair to reflect this.

The mandate change request

In response to the investigator's view, Mr O said there might still be considerable damage if the signatories aren't changed, and that this is giving the trustees a great deal of worry. However, I need to consider what has happened, rather than what might potentially happen. I've seen nothing to suggest that E has suffered any financial loss as a result of the delay in amending the signing mandate. What's more, I've noted that Mr O has commented that the two outgoing trustees are people of integrity. I couldn't, in any event, require Barclays to pay compensation for stress or anxiety experienced by the trustees, as the complainant is E, a charity. As a charity is unable to experience distress, we can only award compensation for financial loss or inconvenience caused to E.

I do, however, consider that the letters that Barclays sent about what was required on the change of mandate forms were confusing. After E sent the original request, Barclays wrote to it to say that the "authorisation of changes" section needed to be signed by two officials, one of which should be an existing or outgoing signatory. E subsequently completed the form again, with the relevant section signed by two outgoing signatories. Barclays then wrote to E again, this time saying that the authorisation of changes section needed to be signed by all trustees shown on the Charity Commission website. To complicate things further, new trustees had been appointed in the interval between E submitting the form and Barclays sending its response. Then, after E completed the form again, Barclays wrote to say that it needed to be signed by two trustees registered with the Charity Commission.

I accept that there have been additional issues with E not always having included all the necessary signatures or personal details forms. But I think that the situation has been exacerbated by instructions from Barclays that have been seemingly inconsistent and at times unclear. And I consider that Barclays should pay E compensation of £100 to reflect the inconvenience this has caused.

I'm aware that Mr O considers that Barclays has been negligent and should be reprimanded. But as our investigator explained, it isn't our role to fine or punish businesses, and I consider total compensation of £250 to be fair to reflect the inconvenience that E has experienced as a result of Barclays' handling of the KYC review and E's mandate change request. In addition, Barclays should write to E setting out, clearly and in detail, exactly who it requires to sign the change of mandate form and where, and whose personal details it needs."

Taking everything into account, my provisional decision was that I upheld the complaint. Subject to any further comments or information from the parties, I intended to require Barclays Bank UK Plc to put things right by doing as I've set out below.

Further submissions

Mr O has commented that some of the information that Barclays had about E was only a few months old. He also says that it asked for information that it already had, and information it had told E it no longer required. But he's happy to accept the total payment to E of £250 as set out in my provisional decision.

Barclays says it has no objection to my provisional decision and has asked its Mandate Change Team to contact E to support it going through the forms.

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 acknowledge Mr O's further comments about some of the information that Barclays requested during the KYC review. But as I said in my provisional decision, Barclays needed to make sure that the information it had was fully up-to-date. And even if it told E that it had everything it required, I don't consider that it was unfair or unreasonable of it to ask for further information if it subsequently discovered that it needed it. That might, on occasion, reasonably include information which it had previously said it didn't need.

Mr O has also commented that he believes that the Ombudsman needs to raise the issue that this type of problem has occurred with so many UK banks. But this service is an informal dispute resolution service. It isn't a regulator. This means that it's not our role to tell financial institutions how to carry out KYC checks, or what information it's appropriate to ask for.

Given that both parties have indicated that they accept the proposed resolution I set out in my provisional decision, I can see no reason to depart from the findings I set out in it.

Putting things right

To put things right, Barclays should:

- Pay E a total of £250 to reflect the inconvenience it's experienced.
- Write to E setting out, clearly and in detail, who it requires to sign the change of mandate form and where, and whose personal details it needs.

My final decision

My decision is that I uphold this complaint. I require Barclays Bank UK PLC to put things right by doing as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 21 October 2024.

Juliet Collins
Ombudsman