

The complaint

A company, which I'll refer to as H, complains that Barclays Bank UK PLC (Barclays) unfairly closed its accounts and transferred the proceeds to the Treasury Solicitors.

In bringing this complaint, H is represented by its director, who I'll refer to as Mr J.

What happened

Mr J has told us that:

- H held five bank accounts with Barclays – three of which were business accounts; one a EUR account and the other a USD account (the Accounts). Altogether, H held over £600,000 with Barclays.
- On 4 May 2023, due to an administrative error by H's accountants, H was struck off the Companies Register (the Register) and shortly afterwards on 16 May became dissolved.
- But as soon as the position was discovered, the process of restoring H to the Register began. To that end, in May 2023, the relevant forms were completed and submitted to Companies House.
- On 24 May, Barclays closed the Accounts and on 30 May, transferred the proceeds to the Treasury Solicitors.
- On 2 June, H was restored to the Register.
- When he discovered that the Accounts were closed, and that the proceeds were transferred to the Treasury Solicitors, he contacted them for advice. They told him that Barclays did not follow correct procedures. In particular, they said that the correct procedure is such that once a company has been restored to the Register, then there is no requirement for a bank to transfer funds from that company's accounts to them.
- Barclays did not adhere to the proper procedure therefore, when they transferred the proceeds from the Accounts to the Treasury Solicitors.
- Furthermore, when he contacted Barclays about what they had done, they gave him incorrect advice about how to retrieve the funds from the Treasury Solicitors. They also gave him false assurances to the effect that:
 - The Accounts would be re-opened and the previous account numbers reinstated;

- All the proceeds would be returned to each of the respective accounts in the relevant currencies; and
- H would then be able to continue trading without further delay, inconvenience, or loss arising from fluctuations in currency exchange rates.
- Because Barclays did not honour the assurances they gave to him, H suffered financial loss.
- He experienced difficulties attempting to open a new business bank account with Barclays. Using the Barclays Banking App, he wasn't able to progress the application due to a technical error.
- He reported these technical issues to Barclays and submitted a written application. But the bank was slow in processing the application. So, to mitigate matters, on 10 July 2023, he opened an account with an on-line provider so that H could receive incoming payments from customers. However, as this account was unsuitable for receiving the return funds from the Treasury Solicitors, he continued to pursue the application with Barclays.
- Later, on 21 August 2023, he opened another business account with another bank. The returned funds were paid to that account on 18 September 2023.
- H's new account with Barclays was opened on 26 September 2023.
- As a result of these events, as well as the financial loss that H incurred, he suffered episodes of anxiety, panic attacks and depression.

Barclays have told us that:

- In line with their procedures, they closed the Accounts due to the Striking off Notice that they received from Companies House and all funds were then transferred to the Treasury Solicitors. As this was the correct process, no bank error occurred in that regard.
- To retrieve H's funds after the closure of the Accounts took place, Mr J was advised to set up a dormancy claim to retrieve the funds. But the Accounts were not closed due to dormancy and therefore Mr J was wrongly advised by them.
- Barclays erred also when they gave Mr J the impression, that they still had access to the funds and would be able to transfer them back to the bank. Whereas, since the funds had already been transferred to the Treasury Solicitors, the onus was on Mr J to contact them directly to obtain the funds.
- It's true H wanted to re-open the Accounts. But it was the bank's policy not to re-open closed accounts where there were no bank errors. As there was no bank error in relation to the closure of the Accounts, Mr J was asked to open a new account.
- They were made aware Mr J experienced technical issues when trying to open the new account via his Barclays Mobile Banking App. But he was advised that it may be quicker for him to open an account elsewhere if he needed quick access to H's funds. Nonetheless, Mr J chose to proceed with opening an account with Barclays.

- Barclays cannot be held responsible for the time it took to transfer the funds back from the Treasury Solicitors, as this is out of the bank's control. And bearing in mind the Accounts were destined to be closed in any event because H was struck off the Register, Barclays couldn't have done anything to prevent the inconvenience resulting from that occurrence.
- It's acknowledged nonetheless that arising from the bank's errors H suffered unnecessary inconvenience for which it offered £200 in compensation.

Mr J didn't think the bank's offer went far enough and referred H's complaint to this service to look into.

Whilst the complaint was with us, Barclays increased their offer to £500. But Mr J declined that too.

So, our investigator looked into the complaint more fully. And, after taking all the evidence into account including the bank's acknowledged errors and the impact she believed was caused to H as a result, she concluded Barclays needed to do more to compensate H for the level of inconvenience it suffered. She therefore recommended that Barclays pay H an additional £250 compensation, bringing the total to £750.

In response to the investigator's opinion, Barclays said they accept that there were failings on their part regarding the mis advice given to Mr J. But they said that they took that into consideration when they made their revised offer to H of £500 compensation.

Mr J didn't accept the investigator's opinion and requested a review of H's case by an ombudsman. In spite of the further increased compensation, he still didn't think it went far enough. He said – in summary:

- The proceeds of the currency accounts and GBP accounts were amalgamated when the Accounts were closed. And in that process, Barclays benefitted from more favourable exchange rates. It was for that reason he wanted the Accounts re-opened and the exact balance prior to the closure restored to avoid any exchange rate gain or losses on either side.
- H lost the use of the funds from the Account from the closure date on 24 May 2023 until they were returned by the Treasury Solicitors and deposited in H's new bank account on 18 Sept 2023.
- H also incurred a loss of Interest for 116 days.
- Using the Bank of England spot rates as a guide, he calculated that H suffered a financial loss of £6,363.68 arising from the closure of the Accounts.
- H was inconvenienced also because since it had no access to the Accounts due to their closure, it wasn't able to complete a quarterly VAT return.

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.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

closure of the Accounts and transfer of proceeds to the Treasury Solicitors

Barclays have explained their procedure when notified that a company has been struck off the Register – meaning it ceases to exist. That is that the relevant accounts are closed, and the proceeds transferred to the Treasury Solicitors. That is a common legal process and I do not find that Barclays were in error when they took that action when notified of the striking off of H. So, I disagree with Mr J's submission that Barclays did not follow the correct procedure.

That being said, Mr J does go on to say the Treasury Solicitors told him once a company has been restored to the Register, there is no requirement for a bank to transfer funds from its accounts to them. I don't, however, think this is a pivotal point nor an indication of an error by the bank. I say this because the timeline shows that at the time the proceeds of the Accounts were transferred to the Treasury Solicitors, which was 30 May 2023, H hadn't yet been restored to the Register. It was still at that point struck off and was only restored to the Register on 2 June 2023.

Also, I've seen no persuasive evidence it was the closure of the Accounts that prevented Mr J from filing H's VAT return with HMRC. The letter he has shared with us from HMRC dated 28 March 2023 required the filing by 7 April deadline. It was sometime after that – on 24 May 2023 that the Accounts were closed, meaning Mr J still had access to them before the deadline HMRC had given to H.

Barclays' errors

Everyone agrees that Barclays made mistakes. Barclays acknowledged they:

- Misled Mr J about how to obtain the funds that had been transferred to the Treasury Solicitors;
- Wrongly advised Mr J that the Accounts could be reopened when all along their policy was that in circumstances where they did not close an account in error, this would not be allowed.
- Failed to deal with the technical issue Mr J experienced when trying to open a new account using the Banking App;
- Delayed dealing with Mr J's paper application due to the holiday commitment of a member of staff.

I note Barclays have also said the requirement to complete their KYC review before the new account for H could be opened also affected the timescale. But I've seen no clear evidence Mr J was made aware of this.

All that being said, given Barclays' acknowledgement as I've just explained, there is no need for me to make a finding as to whether they made errors. All I need to do is decide what if anything further the bank needs to do to put things right.

H's alleged financial loss

I've thought about Mr J's submission that H has suffered a financial loss as result of Barclays' actions. In particular, its alleged losses arising from the USD and EUR currency conversion rates, and furthermore, the loss of interest on the funds on the basis he also described.

I've also thought about the inconvenience H experienced because it was without its funds for roughly three months.

But for me to require Barclays to compensate H for this, I'd need to find they had made an error or acted unreasonably when they closed the Accounts and transferred the proceeds to the Treasury Solicitors. However, for the reasons I've already explained I don't think they did.

I'll come in a moment to what I regard as fair compensation for the bank's actual errors. But first, I'll address Mr J's testimony regarding the personal impact these events have had on him.

personal impact on Mr J

Mr J has explained in his submissions how Barclays' actions have impacted his physical and mental well-being. I can sympathise with Mr J. I am sorry to hear about what he experienced. However, I have to bear in mind that this complaint has been brought to this service in the name of H, the limited company. And that is because in accordance with the rules by which this service must abide, H is the eligible complainant in this instance. What that means is that I can only consider how the impact of the events in question may have affected H. I'm unable to consider any impact that Mr J may have experienced himself in a personal capacity.

impact on H arising from Barclays' errors

I've already explained above why I cannot fairly compensate H for any inconvenience caused by the closure of the Accounts and the transfer of the proceeds to the Treasury Solicitors.

But I've thought about all the errors listed above and their cumulative impact on H. The wrong advice Barclays gave to H about the recovery of the funds from the Treasury Solicitors through the dormancy application process is but one of the errors. Added to which there is the incorrect advice it was possible to reopen the Accounts. In my opinion these are significant errors and I'm please Barclays increased their offer of compensation to £500 to take account of the impact on H.

There were other errors too, which I've identified. Barclays acknowledge for example that there were delays in opening a new account for H. It seems this was in part due to Mr J's paper application not being progressed whilst an employee was on leave as well as the need to complete their Know Your Customer (KYC) review which had started prior to the closure of the Accounts.

I can see from the bank's records that Mr J called it on 3 July 2023 to report the technical problems he was experiencing opening a new account on behalf of H. In particular that the bank's systems weren't recognising that H was now active again. H had been a significant customer of the bank and I don't think it was unreasonable that Mr J wanted to re-establish their previous relationship.

I note Barclays' advice to him was that this might be a wider issue so it couldn't be guaranteed its IT department would get back to him quickly. They said it might be best to

explore opening an account with another bank. I can't see that the bank engaged with Mr J regarding the digital problems, and it does seem there was a lack of urgency in dealing with H's paper application.

But I don't think having advised Mr J to look elsewhere for an alternative account reasonably absolves Barclays from their lack of urgency. Especially against the background of their initial mis-advice and in light of the not inconsiderable sums that H needed to have returned to them.

I note Mr J did take Barclays' advice and opened an account with a traditional branch-based bank in order to receive the returned funds from the Treasury Solicitors. That was sensible mitigation in light of Barclays' delay.

With all that being said, I am satisfied that all of these events point to H being materially inconvenienced by the bank's errors.

Determining an appropriate award for inconvenience can be difficult not least because the award is not intended to be punitive for the financial business.

With that in mind therefore, I thought about the general framework which this service considers when arriving at compensation amounts for inconvenience – further details of which can be found on this service's website. In addition, I've also applied my own judgement. Having done so, I do feel that the degree of inconvenience H encountered in the circumstances of this case was more significant than the £500 that Barclays offered recognises.

I am satisfied that £750 represents fair and reasonable compensation for the inconvenience caused to H.

Putting things right

Taking all the evidence into account and applying my own judgement, I consider that £750 does represent fair compensation for the inconvenience Barclays' errors referred to above caused to H.

My final decision

My final decision is I uphold this complaint and in full and final settlement of it, I require that Barclays Bank UK PLC pays H £750.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 28 January 2025.

Asher Gordon
Ombudsman