

## **The complaint**

Mr T as a director and on behalf of K a limited company, complains about the service received from Barclays Bank UK PLC ("Barclays") in relation to the removal of an ex-director as a signatory on K's account. In particular, Mr T is unhappy with the information provided about what was required to remove a signatory from K's account and the time it took to remove an ex-director.

## **What happened**

In July 2023 funds were withdrawn from K's account by one of the directors. Mr T notified Barclays about this as he believed he'd been the victim of fraud as the director had breached the terms of the shareholder agreement which required two signatures to make transactions in excess of £10,000.

Mr T complained to Barclays about this and being unhappy with Barclays response referred the complaint to this service and a final decision has now been issued on this.

But there are other complaint points that weren't covered as a part of that decision and of which are the subject of this complaint:

- The delay in the removal of a signatory from K's account;
- The information Barclays provided regarding what was needed to remove a signatory from an account; and
- Comments made by Barclays in its final response to the complaint received.

## **The delay in the removal of a signatory from K's account**

Mr T first contacted Barclays about the removal of an ex-director of K as a signatory on K's account in July 2023. Mr T was told an instant removal of a signatory on K's account would be done but it wasn't, and Mr T had to chase Barclays to do this and raised a complaint about this the following month.

Barclays issued Mr T with a mandate change form (MCF) which required signatures from two directors to initiate the removal of another. But this was an error on Barclays part because the signatory Mr T was asking to be removed wasn't listed as an active director of K at companies house so there was no requirement to have two signatures to remove them.

Furthermore, Mr T had made it clear about the difficulties faced in obtaining two directors signatures as he was in dispute with the other directors of K.

Barclays agreed it had made an error and upheld this part of the complaint and paid £500 compensation and refunded some of the monthly fees associated with the account totalling £51.

Mr T was dissatisfied with this. He says K's losses and continued exposure to financial risks directly impact him in the capacity as a director and shareholder and that the compensation doesn't adequately address the potential risks and subsequent distress on the business caused by Barclays oversight.

One of our investigator's looked into the concerns raised by Mr T and explained that as K - a company - is the eligible complainant being the account holder and customer of Barclays and not Mr T, that compensation can only be paid to K itself and as K can't experience distress or pain and suffering the impact will usually have financial, operational or reputational implications instead.

Furthermore, they explained that we are not able to award compensation for something that may have happened but didn't and because they hadn't seen enough evidence to suggest that the operation of K was impacted through Barclays failure to remove the ex-director in good time, or that there was any financial detriment caused to K during this period they didn't think Barclays needed to pay any further compensation.

### **The information Barclays provided regarding what was needed to remove a signatory from an account**

Despite Barclays request for two directors' signatures for a removal of a signatory on the account, for reasons that are unclear and what Barclays have put down to human error, Barclays removed another director and signatory without the required signatures. Barclays accepted it had caused some confusion and in recognition of this paid £200 compensation.

Our investigator agreed that this had been a failing on Barclays behalf but as they hadn't seen any evidence to suggest the unintended removal of the named director had caused any further detriment to K or its account they didn't think Barclays needed to do anything more.

### **Comments made by Barclays in its final response to the complaint received**

Mr T complained that Barclays referred to "funds which went missing from your account" in its final response letter. Mr T says the choice of the words "missing funds", acknowledge Barclays mishandling of the matter that allowed the removal of the funds itself.

Our investigator disagreed and didn't think the use of the words by Barclays in its final response was intended to acknowledge or admit any wrongdoing on Barclays part and so didn't think Barclays needed to take any further action.

Mr T disagreed and submitted a detailed response to all of this. In summary Mr T says Barclays removed a director without adhering to its own mandate requirements and that Barclays governance failures and operational risks haven't been addressed and that Barclays failed to meet its regulatory obligations.

Mr T believes K's exposure to potential harm caused by Barclays practices should be compensated and that not acknowledging the severity of Barclays failures to follow proper procedures sends a dangerous message that governance failures can be ignored as long as no financial harm is observed.

Mr T understands that as K is a legal entity and that compensation can't be awarded to an individual, but says this overlooks the practical reality of how companies operate as directors are responsible for the company's governance and day to day activities and Barclays governance failures placed additional burdens on him as the director.

Mr T says the use of the term “missing funds” in Barclays final response letter is an acknowledgment of an oversight failure and not merely a choice of words as our investigator suggested. Mr T has asked for an ombudsman’s decision.

### **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 hope that Mr T won’t take it as a discourtesy that I’ve condensed K’s complaint in the way that I have, I’ve no doubt by the amount of correspondence and time Mr T has put into this complaint about his strength of feelings on the matter. But ours is an informal dispute resolution service, and I’ve concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that.

Firstly, it should be noted that much of what Mr T has complained about relates to complaint points that have been raised separately with this service and so this decision will only be dealing with the three complaint points as outlined in the background above the crux of which is regarding the service Barclays provided regarding the removal of signatories on K’s business account.

And having considered everything, I’m in agreement with our investigator and I don’t think there is anything much more of use I can add.

It might help if I explain my role is to look at problems that K has experienced and see if Barclays has done anything wrong or treated them unfairly. If it has, we’d seek to put K back in the position it would’ve been in if the mistakes hadn’t happened. And we may award compensation that we think is fair and reasonable.

But we are not the regulator, I don’t have the power to tell Barclays how it needs to run its business or what procedures Barclays needs to have in place to meet its regulatory obligations. This service doesn’t supervise, regulate or discipline the businesses we cover. And my role isn’t to punish or penalise businesses for their performance or behaviour – that’s the role of the regulator, in this case the Financial Conduct Authority (FCA). Indeed, Mr T appears to understand this as he has told this service he has reported many purported governance breaches by Barclays to the FCA himself.

Barclays has already accepted it made some mistakes in the service provided to K in the removal of signatories from its account. In particular, it failed to remove one signatory when it said it would and provided confusing information about its procedures surrounding this and then failed to adhere to these procedures removing a further signatory.

So I don’t need to make a finding on these complaint points. All I need to decide is whether what Barclays has done to put things right is enough.

And as the signatories have been removed from the account – albeit in a way that didn’t follow Barclays procedures – I consider K to be in the position it should’ve been in had Barclays not failed to action this request.

Barclays compensated K separately for these errors. £500 (plus £51 refund for account fees) for the failure to remove the first signatory in question and £200 for its information failing regarding the procedures for removal of signatories and for removing the second signatory without following this. Mr T doesn’t think this is enough as although he accepts that K is a legal entity and the account holder here, he says as it is really the directors that are impacted by Barclays mistakes as they are the ones running the business.

I don't doubt Mr T has been impacted personally and that he has suffered both distress and inconvenience as a result of Barclay's failings. But as has already been explained by our investigator this complaint has been brought on *behalf* of K – the eligible complainant here and a company that can't feel emotional distress. So when considering compensation I can only look at the any direct financial loss resulting from any errors I've found Barclays to have made and not the distress and inconvenience Mr T has suffered personally. And as I've not seen any evidence that K has suffered any direct financial loss as a result in the delay by Barclays to remove a signatory from its account, I think the £500 compensation Barclays has already paid is fair for any administrative inconvenience the business might have suffered.

And I also think the £200 Barclays have compensated K for Barclays service failing regarding what is needed to remove a signatory is fair.

Mr T says Barclays failing to follow its own procedures is an operational and governance failing and has made submissions about what could've happened if he hadn't stepped in and the continued exposure K has due to Mr T's perceived ongoing governance and operational failings by Barclays.

But it is not our role decide what may or may not have happened, but rather it's to look at what did happen and the actual detriment suffered. And as stated above when awarding compensation, it is not our role to penalise or punish the businesses we cover. And as I can't see that K has suffered any significant detriment financial or otherwise from Barclays removing the signatories outside the procedures it had for this – indeed, this likely minimised the risk of any further financial loss and was what Mr T wanted anyway – I'm not persuaded any further compensation is warranted.

Finally, to address Mr T's last complaint point regarding the use of the words "missing funds", I'm wholly in agreement with our investigator here, that this wasn't an admission of liability but merely Barclays stating what the complaint was about.

And so overall because I'm not persuaded K has suffered any direct financial losses due to the errors Barclays have accepted it made - as addressed in this complaint - I think the compensation already paid is a fair way to settle K's complaint and I'm not going to ask Barclays to do anything more.

**My final decision**

For the reasons I've explained I think Barclays Bank UK PLC have done enough to settle Mr T's complaint brought on behalf of K.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 26 November 2024.

Caroline Davies  
**Ombudsman**