

The complaint

A company, which I will refer to as B, complains about Barclays Bank UK Plc's actions in relation to its bank account. Briefly, B's director says that Barclays made repeated requests for the same information, wrongly closed the account, and then on re-opening the account sent the company's card and PIN to the wrong address.

What happened

Barclays told us:

- As part of its obligations under Know Your Customer (KYC) regulations, it carried out a review of B's account during 2022 and 2023.
- It received information from B in July 2023, but needed further details. It wrote to B twice during August 2023, and each of its letters prompted B's director to call. During a September 2023 phone call, it explained that its records didn't match the information on Companies House as to B's shareholders (a minority shareholder had changed her surname).
- B's director said she would update information on Companies House. The bank accepts that B's representatives had done all they could to amend details at Companies House and supply the information it had requested. Despite that, it incorrectly closed B's account.
- It has traced a call on 5 December 2023 during which a member of Barclays' staff promised B's director that she would cancel the outstanding debit card request, but she didn't. That is why B's card was sent to the director's previous address.
- Overall, it considers that it was entitled to ask for all of the information it asked B to provide, but it accepts that its customer service was poor and that it was wrong to close B's account. It is willing to pay compensation of £400 for the inconvenience that it caused to B, together with interest at a rate of 8% per year simple on the closing balance of B's account between the date of the closure (23 October 2023) and the date the account was re-opened (5 December 2023).

B's director told us:

- Barclays repeatedly asked for information about B's shareholders, which she supplied four times – twice by telephone, once by post, and once by email. The bank insisted on receiving information on shareholders who owned only 5% of B's shares, even though Companies House only requires details of those owning 10% or more of the company.
- One of B's shareholders had got married, and changed her name as a result. The bank could not understand that she was still the same person, and in any case the bank should not have required that shareholder's information as she held only 5% rather than 10% of B's shares.

- She spent many hours on the phone to Barclays trying to resolve this issue, often being on hold for more than an hour.
- The entire process was very stressful for her, and she had to pay B's creditors out of her own money.
- Although Barclays eventually agreed that it had been wrong to close B's account, the reopening process took several weeks – and then Barclays sent a debit card to an old address which does not have a secure mailbox.

One of our investigators looked at this complaint, but she thought the offer Barclays had already made was fair. B's director did not accept our investigator's conclusions. Briefly, she said:

- Our investigator addressed the closure of the bank account in 2023, but not the many times over the preceding 18 months when Barclays prevented her from accessing B's bank account online.
- Barclays made repeated requests for information, and its conduct caused her severe stress. It is not reasonable to separate the stress she suffered as the sole director from stress to her company; the two are inextricably linked.
- She noted our investigator's reference to the bank's "legal and regulatory obligations", but the bank has conceded that it was at fault in carrying out those investigations. It therefore has liability to B for the full consequences of its unwarranted actions.
- She has charged B £125 for the six hours she spent negotiating with Barclays over its repeated denial of online access to her. That amount is now due in addition to the £400 Barclays has offered. Barclays should also refund the £8.50 it took in charges in December 2023.
- The account was not closed "briefly" (as our investigator suggested); it was closed for a significant time. She was forced to borrow funds just to pay regulator contractors, with late payments which she suspects adversely affected B's credit score.
- Overall, the compensation Barclays has offered is woefully inadequate.

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 director there is very little I can add to what our investigator has already said.

Banks in the UK are strictly regulated, and must take certain actions in order to comply with their legal and regulatory obligations. That sometimes means, as in this case, that a bank chooses to carry out a KYC review. The bank is required to know *all* of its customers, and the fact it has chosen to carry out a KYC review of a particular account does not imply that it has any concerns at all about the owner of that account. Barclays has accepted that its customer service was poor, but it has not said that it was wrong to carry out the review in the first place – and I have no concerns about the bank's decision to carry out the review.

I acknowledge that Barclays asked B's director for more information than Companies House did, but I have no concerns about that either. Barclays is entitled to ask its customers for information that is not in the public domain, even if that information is not required to be disclosed to Companies House or any other official body.

Our investigator invited B's director to provide further evidence in relation to the other times Barclays had restricted access to B's account, as well as on any other issue that the director wanted us to consider. I am satisfied that B's director has had a fair opportunity to provide evidence to us, and I can only take into account evidence that I have seen. Based on that evidence, I cannot say that Barclays restricted B's account more often than the bank told us it did.

Overall, I don't think Barclays was wrong to carry out the KYC review, nor do I think it was wrong to ask for the information it did. But I do think it was wrong to close B's account, and it also provided poor customer service. Everyone agrees that some compensation is appropriate as a result, but there is a dispute about how much that compensation should be.

I know that B's director has chosen to charge B for the time she spent dealing with this matter, but I don't think it would be fair for me to order Barclays to reimburse B for that money. I haven't seen evidence to suggest that the time B's director spent on this issue impacted B's profitability. B did lose the opportunity to spend its money between 23 October 2023 and 5 December 2023, and so I think it is fair that Barclays pays interest on the closing balance of the account, at a rate of 8% per year simple, over that period. But I don't think it would be fair for me to make any additional award for financial loss, or to require Barclays to refund any fees that it charged.

I accept that B has suffered inconvenience. We publish information on our website about our approach to awards for non-financial loss, available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>.

As we explain on our website, where a complainant is a limited company we cannot make an award for distress – because limited companies are not capable of feeling distress. Directors of limited companies can certainly be distressed because of a bank's actions. In this case I fully accept that B's director was distressed, but I simply do not have the legal power to make an award to her. I can only make an award for losses or damage caused to the eligible complainant, which in this case is the company B. B's director is not herself an eligible complainant in relation to this matter, because the account at the centre of this dispute belongs to B and not to the director personally.

Taking our guidance into account, looking at the evidence as a whole, and applying my own judgement, I consider that Barclays' offer of £400 is fair and reasonable. I am satisfied that the closure of B's account caused significant inconvenience and disruption that needed a lot of extra effort to sort out. The impact was relatively short-term, but it was serious – and was compounded when Barclays sent B's card to the wrong address.

I acknowledge that B's director will be extremely disappointed with my decision, but I am satisfied that the outcome I have reached is fair.

My final decision

My final decision is that I order Barclays Bank UK Plc to pay B:

- Interest at a rate of 8% per year simple on the balance of the closed account for the period B did not have access to its money, plus;

- £400 to apologise for the inconvenience that it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 21 March 2025.

Laura Colman
Ombudsman