

The complaint

A charity, which I will refer to as C, complains that Barclays Bank UK Plc wrongly closed its bank accounts without giving any warning.

Mr H, C's treasurer, complains on its behalf.

What happened

Barclays told us:

- It has a responsibility to prevent financial crime, and must also meet regulations that prove it knows its customers. In 2022 and 2023 it therefore carried out a Know Your Customer (KYC) review of C's accounts.
- It received and acknowledged the completed KYC forms that C provided in early 2023. But that did not mean its KYC review was over; it still needed further information from C.
- It closed C's accounts in October 2023 because it did not have all the information it required. However, it accepts that it made a mistake and closed the accounts too soon.
- It has reopened C's accounts, and credited one of them with £250 to apologise for its error.

Mr H told us that he didn't think Barclays had done enough to resolve the complaint. He told us that he would like Barclays to:

- Admit that it made an error in closing C's accounts without justification and without notice.
- Apologise to C for its actions.
- Pay £5,000 to compensate C for stress, inconvenience, expenses incurred, interest lost, and the damage to his reputation as treasurer.

One of our investigators looked at this complaint, and recommended that Barclays do slightly more than it already has. He said Barclays should pay another £150 for inconvenience (making a total of £400). He also said Barclays should pay interest, at a rate of 8% per year simple, on the balance of C's accounts over the period C did not have access to its money.

Barclays accepted our investigator's conclusions, but Mr H did not. He said our investigator had not required Barclays to apologise for its actions, and that the compensation was not sufficient for the distress, anguish, and problems that Barclays had caused.

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.

Whilst I am sorry to further disappoint Mr H, having done so my overall conclusions are broadly the same as those of our investigator. I give more details below.

In this case, there is no need for me to decide whether Barclays made a mistake – the bank accepts that it should not have closed C's accounts when it did. The dispute is about what Barclays should do now to compensate C.

Putting things right

Our rules allow me to make a money award against the respondent (in other words, to order Barclays to pay money to C). They also allow me to issue a direction to the respondent. In this case I think it is appropriate for me to do both of those things – but I don't think it would be fair for me to order Barclays to do everything that Mr H wants.

Missed donations

Mr H has explained that C usually receives donations by standing order, but many of those donations were missed when C's accounts were closed.

Mr H told us that he contacted the donors whose payments were not received. Some of the donations were paid again, but two donors did not make payment. One was asked twice but simply did not make the payment, and the other is an elderly donor who has never understood that the payment did not go through. Mr H told us that if those two donations had been received, C would have received £55 – and he expects Barclays to pay that amount to C.

It is unusual for us to order a bank to reimburse such donations. We usually treat such payments as delayed or deferred rather than lost entirely. In most cases charities know the identities of their regular donors, and so it is open to the charity to ask the donor to make up the missing donation. We do not generally consider that it is the bank's fault if a donor chooses not to make a payment. In this case, I don't think it would be fair for me to order Barclays to reimburse the £55 that Mr H says C would otherwise have received. But I do think it would be fair for Barclays to write a letter to C – which can be shared with donors – to explain that C did not receive payments which were attempted while the accounts were closed. I give more details about that below.

Interest

Barclays has agreed to pay interest, at a rate of 8% per year simple, on the balance of C's accounts during the time C did not have access to its money. I think that is fair.

Non-financial losses

I have also considered C's non-financial losses, including damage to reputation and inconvenience.

I don't think it is appropriate for me to make an award for damage to C's reputation. Instead, I consider that it is sufficient for Barclays to write to C as I set out below. But I do think Barclays should make a payment for inconvenience.

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

In this case, I think Barclays' mistaken closure of C's accounts caused significant inconvenience and disruption that needed a lot of extra effort to sort out, and the impact lasted for many weeks. Looking at what happened here, considering our guidance, and applying my own judgement, I think our investigator was right to conclude that a total payment of £400 was fair. Barclays has already paid £250, so it should pay a further £150.

I have no power to make an award for the distress suffered by Mr H as an individual, because he is not the complainant (nor is he personally Barclays' customer in respect of this issue). The complainant here is the charity C, which is not capable of suffering distress. Similarly, I have no power to make an award to Mr H in respect of loss of reputation.

I should also stress that, as an ombudsman, I am not a regulator. It is not part of my role to fine or punish Barclays, and it would not be appropriate for me to comment on any disputes that may exist between Barclays and customers other than C.

Direction to issue apology letter

Barclays has expressed some concern that if I were to order it to issue an apology to C, then I would be treating C differently to other complainants.

I accept that in directing Barclays to write an apology letter to C, I am indeed treating C differently to many other complainants. But I am not required to order the same compensation each time the same mistake is made. What I am required to do is determine a complaint in a way that I consider is fair and reasonable in the circumstances of the individual complaint in front of me.

The circumstances here include the fact that C has not been able to recover all of the funds that Mr H believes would otherwise have been donated to C. If the donors choose not to make payment, then as I've said I don't think Barclays is responsible for that. However, Mr H has asked for a letter that he can show to both current and potential donors to reassure them that neither C nor its officers caused C's accounts to be closed. He does not want that letter to include any details about C or its finances, and in particular he does not want C's donors to know the amount C has received in compensation from Barclays. I think that is reasonable.

I am aware that Barclays has already written to C to apologise, but in the circumstances, I direct it to write a further letter of apology.

The letter should include:

- An apology for Barclay's decision to close C's accounts.
- A statement that the account closures were a result of an error by Barclays, and were not the result of an error by C or by any of its officers or volunteers.
- Confirmation that any standing orders that a donor attempted to pay into C's accounts between the date the accounts were closed and the dates they were reopened would not have reached C.

The letter should *not* include details of the compensation Barclays has paid to C. I don't think that is relevant – the point of the letter is that Mr H can show it to C's donors and explain why

their donations were not received. There is no need for private information about compensation to be disclosed in the letter.

My final decision

My final decision is that Barclays Bank UK Plc should compensate C as set out above. It should pay interest on the balance of C's closed accounts, a further £150 for inconvenience, and issue a letter of apology as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 5 February 2025.

Laura Colman
Ombudsman