

## The complaint

A company which I'll refer to as P, complain about the closure of its business current account (the Account) by Barclays Bank UK PLC (Barclays)

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

## What happened

The background to the complaint is set out in my provisional decision dated 18 October 2024 which forms part of this decision.

I provisionally concluded that P's complaint should be upheld.

In summary, I said:

*Since they are strictly regulated, banks in the UK are required to carry out certain actions in order to meet their legal and regulatory obligation. That involves conducting ongoing checks and monitoring of new as well as existing relationships.*

*Barclays chose to do this by way of the KYC review. And I do not think they did anything wrong when P became subject to their review, the process of which I note began in December 2022 when Barclays first contacted P to ask for clarification of its business. And as noted above, I can also see that further similar request followed in January and June 2023*

*However, to ensure their letters were properly delivered in order to give P the opportunity to comply with their KYC requests, reasonably Barclays would be expected to correspond with P at its correct address. This is at the heart of the dispute between the bank and P. In other words, whether or not in the circumstances of this case, in the conduct of their KYC review, Barclays could reasonably be said to have corresponded with P at its correct address which Mr W believes they didn't.*

*Barclays have told us they did not change P's main/correspondence address because they were not asked to do so. I acknowledge their letter to P dated 21 December 2020 did ask P to let them know if it wanted its main or correspondence address to be changed then it should let them know.*

*The letter was sent to P's recently changed registered address - beginning with numbers 2-4. I have no reason to doubt the letter was safely delivered since it was correctly addressed to P's new registered address at its new accountants. I can't be sure Mr W actually saw the letter. He hasn't said either way. But I accept Barclays testimony they did not receive a reply to it.*

*But even if Mr W did receive the letter, given that it was addressed to him at the address of his new accountants, rather than the old accountants he'd already given notice to Barclays were no longer acting for P, I can't be sure he'd have responded in the way Barclays required. In other words, by correctly identifying the address of P's former accountants*

*needed changing when he'd already told the bank they were no longer his accountants. And, not least because he'd already given the bank a new address for P to which the bank was already corresponding with him.*

*All that being said, I'm not persuaded the bank's 21 December letter and the lack of response to it is critical to a fair determination of this case. I'll explain why.*

*Mr W's letter dated 20 December 2020 to Barclays was clear. He said explicitly:*

*"I have changed accountants and so the new registered address of my company is [the new address is then given]"*

*I agree with Barclays' testimony that usually, a customer's registered address is that of their accountant or solicitors. And I note their position that because a customer has a registered address, does not mean in every case, they would wish for this to match their main or correspondence address.*

*But it's not obvious to me why a customer would choose to have correspondence sent to the address of accountants who were no longer acting for them. Especially, given the risk the correspondence might not be forwarded on.*

*So, the question for me therefore is whether in light of Mr W's 20 December 2020 letter, it was nonetheless reasonable for Barclays to retain P's former accountants' address for the purposes of correspondence bearing in mind Mr W had:*

- Told Barclays P's former accountants were no longer acting for P; and*
- Given them the registered address for P's new accountants.*

*Against that background and in the circumstances of this case, I don't believe it was. I am not presently persuaded it was reasonable for Barclays to retain P's old accountants' address for the purposes of correspondence, knowing as they did, that the accountants were no longer being retained by P. And that being the case, in all likelihood there was a risk correspondence would not reach P safely.*

*I have no reason to doubt that P did not receive Barclays KYC letters and so were unable to provide the information Barclays requested. I agree therefore, with the investigator that in the circumstances, Barclays acted wrongly when they closed the Account.*

*Barclays have referred to their agreement with P – in particular page 9 of that agreement which they believe provides sufficient authority for the way they acted. But I don't believe it does.*

*Page 9 of the Customer Agreement. - says:*

*"If we use the most recent postal address, you've given us and something is returned to us as undelivered, we'll stop using that address unless a law or regulation requires us to send you information by post."*

*The provision refers to the bank's use of the most recent postal address that's been given to it by the customer. In light of what I've already said, I'm not persuaded a reasonable conclusion to draw is that by sending correspondence to P's former accountants' address, Barclays sent KYC correspondence to the most recent postal address P had given them.*

*Closure of a customer's bank account is significant. And it can have a material impact on the account holder. In this case my proposed finding is that Barclays were wrong to have done so and should therefore re-open the Account.*

*I've thought about whether as Mr W has argued Barclays should pay £5,000 as compensation, essentially for the inconvenience caused to him.*

*Whilst I acknowledge Mr W will personally have suffered some inconvenience, I bear in mind the customer in respect of this complaint is P. And where the customer is a limited company as P is, I have no power to award compensation for the personal distress and inconvenience of the director.*

*But I did go on to consider separately whether the closure of the Account impacted P such that an award for that impact would be appropriate. Here, however, whilst I am persuaded P was impacted from not having a properly functioning account, that impact was less severe than otherwise it might have been. And I say that in light of Mr W's testimony regarding how the Account was used.*

*In particular, Mr W has not argued or presented any evidence demonstrating the closure meant P was unable to pay its accountants or receive in, payments that were due from its debtors. So, that leads me to conclude the inconvenience was minor in nature. Having regard to the framework within which we award compensation for inconvenience – details of which are available on our website, I intend proposing that Barclays should pay P £100 in compensation for the inconvenience caused to P.*

### **What happened after my provisional decision**

Both parties accepted my provisional decision and had nothing further to add.

### **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, I see no reason to depart from my provisional decision. I remain of the view that the settlement set out in my provisional decision represents a fair and reasonable outcome to this complaint.

### **Putting things right**

For the reasons explained above in relation to the Account, I think Barclays should take the further steps set out below - including the payment of compensation to P.

### **My final decision**

My final decision is the same as my provisional decision in the sense that, in full and final settlement of this complaint, I require Barclays Bank UK PLC to do the following:

- re-open the Account
- reinstate the closure balance less the £16 representing two monthly fees that were charged for operating the Account

- pay interest at 8% simple on the balance on the Account from the date the Account was closed to the date it is re-opened
- pay P £100 for inconvenience
- within four weeks of the re-opening of the Account contact P to arrange the completion of the KYC review.

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

Asher Gordon  
**Ombudsman**