

The complaint

Mr C complains Barclays Bank UK PLC ("Barclays"):

- Carried out a Know-Your-Customer ("KYC") review on his account based on funds he had received from Barclays as part of a previous scam claim
- The KYC review was erroneously and unfairly initiated due to Barclays recording his previous scam claim incorrectly, and maliciously, as a civil/business dispute
- Documents he sent by recorded delivery, and signed for as received by Barclays, have been lost in response to the KYC review. But Barclays still say he needs to provide the information
- Mr C was threatened with his account being closed if the information wasn't provided. Mr C travelled to three Barclays branches over a 100 miles distance to show a manager his evidence, but they were all closed despite showing as active on Barclays' website
- Barclays provided poor customer service by not returning promised call backs, and the vulnerable customer marker has been removed from his account profile
- Barclays' staff member intentionally lied by saying Mr C would resend the KYC information to Barclays when he hadn't said so

Mr C says Barclays' actions have caused him substantive and sustained distress, stress, anxiety and inconvenience – which has led to him suffering from insomnia. To put things right, Mr C wants Barclays to pay proportionate compensation.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

In December 2022, Mr C had a separate complaint upheld by another Ombudsman at this service related to Barclays not fairly compensating him for the stress it had caused when investigating a romance scam perpetrated against him. This led to Mr C being paid around £94,000 by Barclays.

In January 2024, Barclays sent Mr C a letter in which it said it required KYC information for payments over three years. And that this was needed to continue providing Mr C with account services. Barclays asked specifically for information about Mr C's source of regular income and for details for over 30 payments into his account – which included three payments which made up the £94,000 Barclays had previously paid out to him. Mr C was given a thirty-day deadline to provide Barclays with this information. A follow up request letter was sent in February 2024 by Barclays.

Mr C explained he had no income, and his funds came from the sale of a property in 2017 that he had inherited. He also explained that Barclays had paid him payments that made up around £94,000. As detailed above, it's around this time Mr C says he sent the paperwork Barclays requested, only for it to be delivered and signed for by Barclays' staff but then lost. And, when he travelled to three branches over 100 miles in distance only to find them closed contrary to what he says he saw on Barclays' website.

Unhappy with Barclays' actions, Mr C complained. Barclays upheld Mr C's complaint in part. In summary, the key points it made in its responses were:

5 April 2024 response

- Due to processing issues, Mr C's documents are currently waiting to be scanned onto Barclays' system. It's because of this delay a further letter chasing Mr C was sent.
- Mr C's account will not be closed whilst Barclays' investigation is ongoing. Mr C has agreed to send further copies to one of Barclays' staff members – and it can also be sent by email.
- Mr C's vulnerability and neuro-divergent condition has been noted on Barclays' system.

17 May 2024 response

- The KYC request has no connection with the scam Mr C was the victim of previously. Barclays is complying with the Financial Conduct Authority's (FCA) regulations regarding KYC.
- All the issues raised by Mr C about the scam were addressed by the Financial Ombudsman Service under a previous complaint.
- Barclays agree that it seems needless it asked for proof of funds for payments Barclays had made to Mr C related to the scam complaint and claim. But it does not agree this shows the KYC request is linked to the scam.
- Barclays has been unable to locate the documents Mr C sent by post. As the letter has been signed for, Barclays upholds this point.
- Barclays' complaint handler requested Mr C resend the documents. There's been some confusion with the previous colleague who spoke to Mr C, who recorded that Mr C had agreed to return the proof of funds information to them directly. The complaint handler has read the transcript of Mr C's call on 4 April 2024 in which Mr C said he would send them a timeline of everything since January 2024. Mr C also advised he would resend for clarity, and that he has nothing to hide.
- The previous complaint handler notes of March 2024 say Mr C will be resending the proof of funds information. Barclays upholds this complaint point due to the confusion caused.
- Barclays is sorry about the poor customer experience – to locate older complaints, advisors are required to search the complaint system in a different way. The complaint's Mr C has logged have been logged on Barclays' system. Barclays upholds Mr C's complaint points about poor customer service.

- Barclays is sorry Mr C spent three hours visiting branches to provide the KYC information. Mr C was asked if he had Barclays' 'Branch Finder', as this holds up to date information and Mr C has said he did. Barclays agrees with this complaint point.
- Mr C said he wouldn't be resending the KYC information and is aware this may result in his account being closed.
- Barclays offered Mr C £50 for the inconvenience caused, but this wasn't accepted.

Mr C referred his complaint to this service. Barclays confirmed it had upheld part of his complaint in line with the complaint responses – as above. And that it didn't require proof of funds for the payments it had made for the previous scam complaint this service had upheld. But Mr C needs to provide a description of each other transaction it asked for KYC information on – which should be enough for the review.

Mr C said he finds it both ridiculous and unjust that Barclays asked him for proof of funds in the first place as it intentionally and fraudulently mis-logged his scam claim in 2021. This is what caused the issue with Barclays' FCA audit, which is no fault of his.

One of our Investigator's then started looking into Mr C's complaint. They explained that as Mr C had accepted an Ombudsman's final decision on his complaint about the scam in January 2023, they can't consider anything that was covered in it – which included Barclays' handling of that complaint, how it was originally recorded, and its consequences. But they can consider Barclays KYC related letters, the impact this has had, and Barclays' subsequent handling of Mr C's queries about this.

In summary, Mr C maintained that the crux of this complaint was Barclays harassing him over the reimbursement of his funds from 2022 following this service's decision on the scam complaint. And this happened because the scam claim had been intentionally mis-logged and mis-labelled as a business dispute – which led to it being mis-handled. This is what led to the KYC review. Mr C further questioned the basis of the review and why he was being asked about regular income when he doesn't earn any.

Mr C reiterated previously made points including the loss of the KYC evidence he'd posted being unacceptable. And it being lost is caused him distress given the loss of personal data may lead to identity theft and fraud against him.

Barclays sent a call recording in which it says Mr C says he will attend a branch with the information, but Barclays say it had not requested he do so. And the colleague on the call does look at which branch is the best for him to visit.

Our Investigator agreed that Barclays could've dealt with the matter better than it did, but the compensation of £50 Barclays offered was fair. Some of the key points they made were:

- There was no need for Barclays to ask Mr C about the source of funds for payments it had made. But this wasn't the only information Barclays required. So, Mr C would have had to provide information about the other transactions. Nor did Barclays' information request about the £94,000 have a material impact as Mr C was easily able to explain its origin.
- Barclays has legal and regulatory obligations it must fulfil – including how its customers use their accounts. Whilst its understandable why Mr C has linked the current issue to the scam, there's no information to show that is what happened.
- It's poor service that Barclays lost Mr C's documents he'd sent by recorded delivery.

But whilst it wasn't Mr C's fault Barclays had lost these documents, Barclays remained under a duty to obtain relevant information in line with its regulatory obligations. So Barclays still had to ask Mr C to resend the information, and it hasn't done anything wrong in sending further messages requesting it.

- Barclays' handling of Mr C's complaint hasn't been poor. There was an instance where the complaint handler misunderstood whether Mr C would be willing to resubmit the documents. Their mistake came about because Mr C had said he would be sending a timeline and other documents. Mistakes should be avoided but ultimately this had no substantive impact on Mr C's circumstances. Mr C quickly corrected the misunderstanding and Barclays accepted its error. Also, Mr C had no intention of sending the information until our Investigator had asked him to do so.
- In considering fair redress, they considered that some information Barclays asked for was unnecessary and it had lost Mr C's documents. But these issues don't warrant a compensation award of more than £50 which Barclays has already offered. So, what Barclays had offered to resolve the complaint was fair.

Mr C didn't agree with what our Investigator said. I'd like to assure Mr C that I have very carefully read everything he has said. But to keep matters pragmatic, I will summarise some of his key points here – and avoid reiterating those he has previously made:

- The compensation isn't enough given the harassment he has received from Barclays – and for losing his paperwork. Mr C remains concerned about falling victim to identity fraud.
- Mr C has other funds from the house sale and is concerned Barclays will harass him about this if, and when, he deposits the funds into his account.
- The calls should've been recorded correctly by Barclays' complaint handler instead of confusing matters. What was recorded was simply false.
- There needs to be acknowledgement that Mr C would never have been sent the KYC request and the harassed about it had his scam claim been correctly and honestly logged – and not intentionally and fraudulently mis-logged as a business dispute.
- Mr C's vulnerability marker about his neuro diverse condition was removed from Barclays' systems.
- Mr C has a letter from Barclays dated June 2021 in which his scam was said to be the subject of a dispute between the seller of the goods/services.

In response, and in summary, our Investigator made the following novel points:

- Mr C mentions the possibility of becoming a victim of identity fraud in the future – if this happened and it was linked to Barclays losing his information, then Barclays may have further liability. But as things stand, there isn't any identifiable impact other than the inconvenience caused by this.
- All banks are under a duty to understand how their customers use their services including any large deposits made. The issues Mr C has experienced under this complaint wouldn't change whether Barclays ask him about future deposits.
- The request for information about transactions on Mr C's account had nothing to do with how the scam complaint was logged. It was triggered purely by the amount and

it being out of character.

- Though not pertinent to this complaint, Barclays' internal notes show the scam was recorded correctly as a 'romance scam' in March 2021.

As Mr C remained unhappy, he wanted time to raise a Data Subject Access Request (DSAR) with Barclays in November 2024. Principally this was because he remained of the mind that the KYC review was initiated on the basis his previous scam claim had been logged incorrectly on Barclays' system.

As the complaint had been passed to me to decide, I agreed to grant Mr C time to do this.

Mr C required further time after more than a month had passed. He also said that a reference on his KYC letter matched with the claim denial letter of 2021. And a reference was shared between some reimbursement correspondence from 2022 and some KYC correspondence dated 2024. He added this was strange and evidence of there being a link between the scam claim and the KYC review.

In early February 2025, Mr C said he had submitted his DSAR and was told it would take a month but could take three months if the request is complex. Later in February 2025, Mr C said he had received the information from Barclays. Mr C said he was having some technical issues opening the file, but he should be able to respond with further comments for me to consider by March 2025.

Later, Mr C said he wouldn't be able to provide further comments as Barclays haven't been transparent in the DSAR and ignored much of what he has asked for. He said information had been omitted and/or 'whited-out'. So, Mr C asked Barclays' information rights team for the information he says he had asked for in the first place.

Mr C maintained that the KYC review was based on his scam claim being miscategorised intentionally.

What I've decided – and why

Substantive time has now elapsed since Mr C requested time to raise a DSAR.

The Financial Ombudsman Service was set up by Parliament under the Financial Services and Markets Act 2000 (FSMA 2000) as an independent body to resolve cases between financial businesses and eligible complainants '*quickly and with minimum formality*'. I'm satisfied that Mr C has had more than sufficient time to provide me with further evidence and arguments. And importantly, that I have all the evidence I require to decide this complaint – and that this complaint has been investigated properly and appropriately.

Also, I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply, as alluded to earlier, reflects the informal nature of our service as a free alternative to the courts.

I should add too, that if there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do however stress again that I've considered everything Mr C and Barclays have said before reaching my decision.

For clarity, and my sincere apologies if this will come across as repetitive, but I will not be making any findings on Mr C's complaint about his scam claim that was decided in 2022 by another Ombudsman at this service.

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 have decided not to uphold this complaint. The overarching reasons for doing so are because I'm satisfied what Barclays said in its complaint responses about what it had done wrong, and the compensation it offered, was fair and reasonable. I will now explain in more detail.

Basis of KYC review

Mr C feels strongly that the KYC review was carried out due to his scam complaint in 2022 being intentionally miscategorised by Barclays. I have very carefully considered this point, given it is a key focus of Mr C's. Barclays say its review wasn't predicated on how it categorised Mr C's scam claim.

The information Barclays and Mr C have provided to me does show a discrepancy in that the claim was initially logged as a romance scam, but later there is evidence that shows it was labelled a buyer/seller dispute – something Barclays said in a letter to Mr C too. But, and most importantly, I haven't seen any evidence that shows or suggests, on balance, that Barclays carried out the KYC review because of how the scam claim was categorised and/or labelled.

Instead, I'm satisfied that Barclays carried out the KYC review based on its legal and regulatory obligations. Banks in the UK, like Barclays, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts

These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes KYC checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity but also establishing the purpose and intended nature of the business relationship and origin of funds.

I would add too that I'm satisfied Mr C's customer profile and account activity, for the period the KYC review covered, are grounds enough to have initiated a KYC review – which Barclays are obligated to carry out.

Barclays accept it was needless for it to have asked about the payments it had made to Mr C for the scam claim. I also think in doing so Barclays have given grounds for Mr C to think the review itself was because of the scam claim. So, it was insensitive and poor customer service on Barclays' part. But in terms of awarding any compensation for any distress and inconvenience this caused, I won't be placing much weight on this. I say that because it doesn't negate the need for the KYC review altogether given Barclays needed information for around 30 or more other transactions. And the request for information for the £94,000 was expressly sidelined after Mr C explained where those funds originated from.

I'm satisfied that Barclays didn't do anything wrong when saying that if it doesn't receive the information it needs to complete its review Mr C's account may be closed. By keeping an account open which hasn't met Barclays' legal and regulatory obligation could lead to severe consequences for Barclays. I appreciate the mere mentioning of such a prospect would've

alarmed Mr C – but Barclays must be clear in how it communicates with its customers, including pointing out consequences of non-compliance with any request for information to meet its obligations.

Poor customer service and complaint handling

Barclays accept it lost Mr C's KYC documents that he'd posted. It also accepts that its complaint handler's confusing communication led to an error in recording what Mr C meant about resending the KYC documents.

Barclays' need for the KYC documents however wasn't met despite it losing Mr C's posted documents. So, it hasn't done anything wrong in asking for it again. I accept however this caused Mr C distress, frustration, and some inconvenience given he had to send this information in again.

Mr C has said he is concerned he faces the prospect of falling victim to identity fraud. As our Investigator alluded to, I can't award compensation for a hypothetical loss. So, though I can understand why Mr C is concerned, I can't award compensation for any loss that hasn't happened.

I'm satisfied that Barclays acted appropriately by accepting its staff member could have been clear in the way they communicated and recorded that Mr C hadn't agreed to resend the documents. Barclays apologised for this and its poor customer service overall. I'm satisfied that and apology, for this poor communication in isolation, is sufficient redress.

Barclays has also accepted it provided poor customer service by not returning promised call backs to Mr C. So, I will need to weigh up what Barclays need to do here also in terms of fair redress.

Mr C also complains that Barclays' internal marker to highlight his vulnerability – specifically, Mr C's neuro-divergent condition – had been removed. Barclays say that it can only see such a marker was applied in 2024 by a complaint handler and its systems don't advise of any such past markers or whether any previous marker was added or removed – or updated in any way.

Barclays has sent me a screen shot of its internal systems where such information is captured. I note Mr C's condition is noted but there isn't any information on whether Mr C had asked for any reasonable adjustments to be made including if Barclays needs to take any additional measures in how it communicates with him. To that end, Mr C hasn't informed this service either of any such measure(s).

So even if Barclays had made an error in removing a marker which showed Mr C's condition, I can't see that it made any material difference to the substance of this complaint – and specifically, that Barclays failed to do something it should otherwise have done. So I won't be awarding any compensation for this.

Mr C has also complained that he travelled to three Barclays branches over a 100 miles distance to show a manager his KYC evidence, but they were all closed despite showing as active on Barclays' website. Barclays have apologised for this, and it has sent me a call recording. Having listened to this, I note Mr C volunteers the notion of going to a branch, so this isn't something he was asked to do. And though Barclays accepted it may have given him the wrong information about his local branch, I haven't seen conclusive evidence of what Mr C relied on to travel to the branches he says he did. These are mitigating factors I need to take into account, but I will consider that he could potentially have been given better information.

For all the reasons I've just explained above, and after careful consideration, I'm persuaded that the £50 Barclays have already offered is fair compensation for the distress and inconvenience its customer service failings have caused Mr C. I know Mr C feels strongly about this point, but I can't see any basis in which to award him more.

Other points

Mr C is concerned that if he makes a further large deposit into his Barclays account, he will be subject to a KYC review again. Mr C says he wants assurance he won't be 'harassed' in this way.

I can't make a finding on an event and/or act or omission that hasn't happened. I would add too, and as I've already said, Barclays like other banks in the UK has important legal and regulatory obligations to observe which includes KYC.

Lastly, Mr C has said that Barclays reference numbers matching on correspondence for the scam claim and this KYC based complaint are indicative of something strange going on. By inference, I think Mr C is saying this is enough information to show the KYC review is predicated on the scam claim categorisation. But for all the reasons I've covered above, I'm still satisfied that the KYC review was carried out in line with Barclays' obligations.

My final decision

For the reasons above, I have decided not to uphold this complaint. If Mr C accepts my decision, Barclays Bank UK PLC must pay him £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 July 2025.

Ketan Nagla
Ombudsman