

## **The complaint**

A company, which I'll refer to as B, complains that Barclays Bank UK PLC mishandled the closure of its client accounts, causing B to be temporarily without access to its money.

Mrs Y, who is the director of B, brings the complaint on B's behalf.

## **What happened**

The circumstances of this complaint are familiar to both parties, so I won't repeat them all here. In summary:

- In late June 2023, Barclays wrote to B to explain the need to complete a client account questionnaire.
- On 20 July, Mrs Y called Barclays to respond to the questionnaire and, during the call, opened two new business accounts for B.
- In early August, Barclays confirmed to B that it didn't meet the criteria for holding a client account; and on 24 August, Barclays issued a notice to close (NTC) letter for these accounts, with 60 days' notice.
- In late September, Barclays issued a NTC reminder with 30 days' notice.
- On 8 November, Barclays closed B's client accounts.
- On 29 November, at Mrs Y's request, Barclays transferred the funds from B's closed client accounts to its business accounts.

Mrs Y says Barclays failed to transfer the funds from her client accounts to her business accounts as requested; and it mislaid the funds following the closure of the client accounts causing further delay. She says that, as a result, B was unable to pay its contractors, it has lost clients and its reputation has been detrimentally affected. She also says the experience has caused her significant personal distress and affected her health.

Mrs Y has also complained that Barclays delayed responding to her complaint, and in the end never provided a response. However, as our investigator has explained, the matters we are able to consider are limited by regulatory rules, and how firms handle complaints is not a matter we can consider. Therefore, I will not comment further on this point.

I issued a provisional decision on this complaint. Miss Y responded to explain why she felt the redress I had proposed did not adequately reflect B's financial losses as a result of Barclays' mistakes. I've considered these responses but for the reasons set out below, I believe this decision is fair. Barclays provided no further comments.

## **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.

It is not in dispute that B didn't meet Barclays' criteria for client accounts and Mrs Y has expressed no concern about Barclays' decision to close B's client accounts with 60 days' notice. It is also not in dispute that Barclays' NTC letters to B clearly stated that B needed to 'withdraw or transfer any client money remaining in its client accounts and make alternative banking arrangements to hold it elsewhere'.

There are two key issues in dispute:

- Should Barclays have transferred the funds in B's client accounts into its new business accounts either prior to or at the point of closure?
- After Barclays closed B's client accounts, did it return B's funds to it in a reasonable time?

#### *Transfer of funds to new business accounts*

Mrs Y says that, in her call with Barclays on 20 July 2023, she instructed Barclays to transfer the funds in her client accounts into her new business accounts. She says she was assured that, although this couldn't happen immediately while the accounts were being set up, it would happen later.

However, Barclays' notes have no record of this assurance being given. Barclays' notes record that Mrs Y opened the new business accounts *in case* B needed to transfer its funds out of its client accounts as, at this stage, it was unclear if B would satisfy the conditions to retain these accounts. I've listened to this call and I believe Barclays' notes fairly reflect the outcome of the call.

Our investigator also noted that, even if Mrs Y thought she had made a request for the transfer of funds on 20 July from the client accounts to the business accounts, it should have been clear to her from the subsequent correspondence over the next two months that this hadn't happened. Mrs Y was told on multiple occasions that she needed to move the funds before B's client accounts closed on 8 November, and she didn't do this.

In my view, although in the call on 20 July the two new business accounts were set up in readiness for the transfer of funds from B's client accounts should they be needed, there was no clear instruction to make that transfer. At that stage it would have been premature to do so. As Mrs Y didn't respond to the NTC letters, there was also no instruction during the closure process to make the transfer.

Therefore, I can't say that Barclays did anything wrong in not transferring B's funds from its client accounts to its new business accounts either prior to or at the point of closure.

#### *Return of funds on closure of the client accounts*

The events following the closure of B's client accounts are less clear.

Barclays has provided letters to B dated 8 November stating the return by cheque of the remaining funds in B's client accounts. However, it appears that these cheques weren't issued until 17 November. Barclays believes the physical letters and cheques were sent at that point, which it has said would still have been within its standard service levels. Mrs Y says these cheques were never received.

Barclays has also said that Mrs Y would have been notified of the closure of B's client accounts through B's electronic banking at the point of closure on 8 November. However, it appears that Mrs Y only noticed B's client accounts had been closed on 15 November, which is when she phoned Barclays to query why her client accounts were no longer showing.

In subsequent calls, Barclays said that it wasn't sure where B's funds had gone and sent Mrs Y a hamper to apologise for the inconvenience.

Mrs Y complained. On 23 November, in dealing with the complaint, Barclays stopped the cheques and requested the transfer of B's funds from its client accounts to its new business accounts. This transfer happened on 29 November.

Mrs Y said that in her calls with Barclays she was initially told that the funds couldn't be transferred and could only be returned by cheque. Later she was told that the funds could be transferred, which is what finally happened.

Mrs Y also said that she had been told by Barclays that, although the cheques were issued in mid-November, they were never actually sent to her. However, Barclays' notes record that the letters and cheques were sent.

Whether or not the cheques were actually sent on 17 November appears in the end to have made little difference. It would have taken some time for the cheques to arrive, for Mrs Y to deposit them and for the funds to clear. Therefore, the outcome would have been similar to what actually happened, with the funds available in B's business accounts on 29 November.

However, I would expect Barclays to have been able to issue the cheques and send the physical letters to B slightly quicker than it did, and to have been able to explain consistently to Mrs Y the process to recover B's funds. This was a planned closure with plenty of notice so it is not clear to me why the return of funds should take so long, or why there should be such confusion about how the funds could be returned.

It appears to me that Barclays took adequate steps in November, following the NTC letters, to notify Mrs Y of the closure of B's client accounts so I do not believe it can be held responsible if Mrs Y didn't notice this for a few days. But had the physical letters and cheques been sent sooner, Mrs Y would have been able to deposit the funds into her business accounts more quickly; or, in the phone calls between Mrs Y and Barclays in mid-November, had Barclays been able to identify the location of B's funds and stop the cheques sooner, the funds could have been transferred into B's business accounts more quickly.

Mrs Y says that the delay in gaining access to B's funds meant she could not pay contractors and she lost credibility with her clients. She said it cost her significant amounts of business.

Overall, given my findings above about what happened prior to the accounts being closed, I believe the primary responsibility for B being without access to its funds after the closure of its client accounts is with Mrs Y. She didn't act on the NTC letters to ensure the transfer of these funds prior to closure, so the funds weren't available when the accounts closed. However, I also believe that, had Barclays issued its return of funds letters and cheques sooner, or been able to locate the funds, stop the cheques and process a funds transfer sooner, B would have had access to its money more quickly.

On receipt of the cheques, Mrs Y would still have needed to deposit them, and it would have taken time for the funds to clear, so I believe, had Barclays sent the cheques sooner, B is likely to have had access to its funds around a week earlier than it did; and I believe a similar

outcome would have resulted if Barclays had located the funds, stopped the cheques and processed a funds transfer soon after this was first requested in mid-November.

Given the short period of the delay attributable to Barclays, I do not believe that Barclays can be held responsible for any material harm suffered by B's business. If B has suffered harm with its contractors and clients, this would appear to be due to the overall period in which B could not access its funds, most of which I do not believe was Barclays' fault.

Nevertheless, for the short delay caused by Barclays, and the inconvenience this caused to B, I believe Barclays should pay B £200. This is in addition to the hamper which Barclays has already sent to Mrs Y. In my view, Mrs Y had to spend much longer on the phone to Barclays in November than should have been necessary, taking her away from her business, and not having access to these funds would have caused B some inconvenience with both contractors and clients.

Mrs Y has also set out the toll these events have taken on her personally, affecting her mental health and sleep. She believes Barclays has ruined her business and says she has been mortified by her clients losing faith in her. While I have sympathy for Mrs Y, Barclays' client in this case is B and it is B which has brought the dispute to us. As B is a separate entity to Mrs Y, I can only consider the effects of Barclays' actions on B.

I acknowledge that Mrs Y will be disappointed with this decision given the time, effort and cost which has been incurred in addressing matters and recovering B's funds. However, in the circumstances of this complaint and for the reasons set out, I believe this compensation is fair.

### **My final decision**

I uphold this complaint in part. For the reasons set out above, I require Barclays Bank UK PLC to pay B £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 5 December 2024.

Andy Wright  
**Ombudsman**