

The complaint

A charity, which I will refer to as P, complains about the way Barclays Bank UK Plc carried out a Know Your Customer (KYC) review.

Mr B, a director of P, complains on its behalf.

What happened

P is constituted as a company limited by guarantee. Mr B is a member of P, and has guaranteed its liabilities (up to a specified maximum amount).

Barclays told us:

- In 2022 and 2023 it carried out a KYC review of P's account.
- It wrote to P on 17 August 2023 to say that it would close P's account after 60 days if P did not provide the information it had requested.
- P did not provide that information, so it closed P's account on 30 October 2023. It sent P a cheque for the balance of the account approximately one week later.
- It acknowledges that there have been some service failings with its handling of P's account. P's director made a visit to a Barclays branch which was unsuccessful due to staffing issues, and he has also spent a long time in branch. It has already paid P £50 to apologise for its service failings, and it offered a further £200. However, it maintains that it was correct to close P's account.

Mr B told us:

- P's problems with Barclays began in July 2022 and involved more than twenty documents – as well as a meeting at a Barclays bank branch with a staff member who was not qualified to deal with business accounts.
- P is a small charity, and Barclays' actions have brought him to the brink of despair. He has spent many hours on this matter, and is now convinced that Barclays has failed to comprehend company law or Charity Commission regulations. The bank has tried to impose rules and regulations which do not exist.
- Barclays has failed to deal with the issue in a professional manner, and has failed to take responsibility for gross mis-management and total incompetence.

One of our investigators looked at this complaint, but did not uphold it. He thought the compensation Barclays had already offered (of £50 plus £200) was fair in the circumstances.

Barclays accepted our investigator's findings, but Mr B did not. He gave a detailed explanation as to why not, and also pointed out that P has not received £250 in

compensation. He said he had received £50, and Barclays had “awarded” – but not paid – a further £200.

Our investigator was not able to reach agreement between the parties, and so the matter was referred to me.

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.

Mr B has provided detailed submissions in support of P’s complaint, which I confirm I have read in full. But I have not commented on his submissions in the same level of detail. I mean no discourtesy by that; it simply reflects the informal procedure of the Financial Ombudsman Service.

Whilst I am sorry to further disappoint Mr B, having carefully reviewed all the available evidence I have come to the same overall conclusions as our investigator, for broadly the same reasons. I give more details about my findings below.

I think there are two related issues in this complaint. The first is whether Barclays was entitled to close P’s account, and the second is whether Barclays provided P with an appropriate level of customer service.

The account closure

There is no dispute about what happened here. I am satisfied that Barclays gave P 60 days’ notice that it intended to close P’s account, and it then closed the account a little more than 60 days later. The dispute is about why Barclays took the action it did, and about whether Barclays’ action was fair and reasonable.

Barclays says that the reason it closed P’s account was that P did not fully comply with its KYC review, and that full compliance required P to provide a letter from a solicitor or an accountant setting out details of P’s guarantors. Mr B says that he believes the real reason for the closure might be that the bank was not capable of dealing with his complaints.

I have no reason to suspect that Barclays was not capable of dealing with Mr B’s complaints (whether it did so adequately is of course a different question, but not one I can answer – I have no power to consider complaints about complaint handling). I am aware of other complaints, made on behalf of other companies limited by guarantee, in which Barclays has insisted that those other companies also provide a letter from a solicitor or accountant setting out details of their guarantors. In the circumstances, I am satisfied that P’s failure to produce such a letter is the genuine reason for Barclays’ decision to close P’s account.

As an ombudsman, it is not appropriate for me to substitute my own judgement for Barclays’. I can consider whether Barclays treated P fairly, but I cannot dictate how Barclays should complete its KYC reviews, nor can I specify the information that it should (or should not) demand.

Mr B has suggested that Barclays may not have been entitled to ask for any information which is not required by Companies House, HMRC, company law, or explicitly referred to in the bank’s terms and conditions. But I disagree. Barclays is required to carry out KYC reviews, but it has considerable discretion as to how those reviews are carried out. There is no legislation or guidance setting out an exhaustive list of documents that a bank must or must not acquire.

I understand that P's income is less than £5,000 per year, and so I do not find it at all surprising that P does not retain an accountant or a solicitor. There is no requirement for an accountant or solicitor to be involved in P's submissions to Companies House or to HMRC, and it is apparent that Mr B believes that Barclays is being overzealous. However, Barclays is nevertheless entitled to decide that it does not wish to provide banking services to companies limited by guarantee unless it receives specific information about those companies' guarantors in a specific way.

I am satisfied that Barclays did eventually make clear that it required P to produce a letter from a solicitor or an accountant setting out details of P's guarantors. Barclays did not receive such a letter, gave appropriate notice of its intention to close P's account as a result, and then did so. I therefore see no basis on which I could fairly uphold a complaint from P about Barclays' decision to close its account.

Barclays' customer service

Mr B has provided extensive commentary about the poor customer service P experienced. As examples (but not an exhaustive list):

- Barclays arranged for him to attend a meeting at one of its branches, provided him with a reference number for that meeting, then failed to ensure that a member of staff qualified to deal with business accounts attended that meeting.
- Barclays requested the same information repeatedly, and was not initially clear that what it actually wanted was a list of P's guarantors provided by an accountant or solicitor.
- Barclays did not properly take account of the fact that he lives in a rural area with a poor mobile phone signal.

Barclays accepts that its customer service was poor. It has already paid compensation of £50, and it has offered a further £200.

Mr B said that P's complaint was not about gaining compensation; it was about bringing Barclays' failings to the attention of the relevant people. He would like Barclays to uphold its core values (which it says are "respect, integrity, service, excellence, and stewardship").

As an ombudsman, I do not have the power to consider whether Barclays is upholding its core values. All I can do is consider the fair and reasonable outcome to individual complaints that have been brought to me. Here, everyone agrees that Barclays' customer service is poor, so my role is to consider appropriate compensation for the individual complainant. I am not a regulator, and it is not part of my role to consider whether Barclays should make changes to its organisation or to the way it trains its staff.

Putting things right

It is clear that Barclays' poor customer service caused inconvenience to P. We publish information on our approach to non financial loss on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

In this case, each of Barclays' individual errors was relatively minor. But there were several errors, requiring a reasonable effort to sort out. In the circumstances, bearing in mind our guidance and applying my own judgement, I consider that a total payment of £250 is fair and

reasonable to recognise the poor customer service that Barclays provided. I am aware that Barclays has already paid £50, and so I order it to pay a further £200.

I stress that my award is in respect of poor customer service alone. I don't think Barclays did anything wrong when it closed P's account, so I make no award for any financial loss or inconvenience P suffered as a result of that closure.

My final decision

My final decision is £250 represents fair compensation in this complaint. Barclays Bank UK Plc has already paid P £50, and so it must pay a further £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 31 December 2024.

Laura Colman
Ombudsman