

## **The complaint**

S complains that Barclays Bank UK PLC closed its business account in error and that the compensation it offered for that error is insufficient.

## **What happened**

S is a partnership and family business. I'll refer to the partners as Mr and Mrs P. S has banked with Barclays for several years.

Early in 2022 the bank began a routine "know your customer" (or KYC) review of the partnership's accounts. Mr and Mrs P cooperated with the review, but it nevertheless involved multiple exchanges of correspondence while all the necessary information was gathered. In addition to updating information about S's business, the bank also needed to update the mandates on the account. I do not need to set out in detail all the exchanges which took place, but the review continued until October 2023. By that point, Barclays had placed restrictions on the account pending completion of the review.

Mr and Mrs P provided further information on 19 October 2023. They believed that would be sufficient to enable the bank to complete the review. Barclays reviewed that information on 31 October 2023. However, it had already closed the account the previous day. Had it reviewed the information before closure, the account would have remained open.

Barclays agreed that the information it had was sufficient to allow it to reopen the account, which it did on 29 December 2023. Funds were returned to the account the same day. The bank offered S £240 by way of compensation. Mr and Mrs P said that figure did not properly reflect the time which had been needed to resolve matters. They referred the matter to this service.

Shortly after they did so, Barclays reviewed the matter and offered to increase its offer to £500, along with £77.90 by way of interest. Mr and Mrs P did not accept the improved offer, so one of our investigators reviewed the case. She considered that the offer was reasonable and recommended that S accept it. Mr and Mrs P said they thought that a figure of £6,000 would properly reflect the professional time that had been spent. They asked that an ombudsman review the case.

## **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.

Barclays was within its rights to review S's business account and the mandates attached to it. Indeed, it was quite possibly under a duty to do so. And, while that review took a long time, I do not believe that can fairly be attributed to unreasonable delays on either side.

Barclays did, however, close the account without providing proper notice. It may be of course that the relevant information needed to avoid closure was not available in time in any event, but the threat of closure might have prompted Mr and Mrs P to act with more urgency.

Be that as it may, the bank acknowledged that it had the information it needed by the time the account was closed, but had not reviewed it. And it took action to remedy the situation, by arranging for the account to be reopened. So, the issue I must consider – and which is the main issue still in dispute – is whether Barclays' offer of compensation is sufficient or whether I should require it to do more.

Having considered the matter very carefully, I agree with the investigator that the bank's offer represents a fair and reasonable resolution of the partnership's complaint. In saying that, I have taken into account the time which would have been needed to resolve matters, the time during which S could not use the account and the wider account usage. I am satisfied that it is in line with this service's published guidelines on non-financial loss.

Although Barclays has made a settlement offer, I will make a formal award, so that S can enforce it, should it need to do so.

### **My final decision**

For these reasons, my final decision is that, to resolve S's complaint in full, Barclays Bank UK PLC should pay it a total of £577.90.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 23 September 2025.

Mike Ingram

**Ombudsman**