

The complaint

Mr H, a sole trader trading as C, complains that Barclays Bank UK Plc closed his business accounts without giving any direct notice to him. He also complains about poor customer service during and after his attempts to reopen the accounts.

What happened

Mr H told us:

- Barclays closed his business accounts on 13 February 2023 without giving any direct notice to him as the business owner.
- Over the next few weeks, he had to make significant efforts to keep his business of 35 years trading. He didn't have funds to pay his staff, and could not receive income from clients because he didn't have a business account to pay the money into.
- Many months into the process, he found that Barclays did not hold his signature on file and could not accept instructions from him – despite the fact that the accounts belonged to him. He now believes that might be the underlying cause of the problems he experienced.

Barclays told us:

- This complaint relates to a Know Your Customer (KYC) review it carried out on Mr H's accounts. It began the review in 2021, and wrote to C on 29 April 2021, 5 June 2021 and 6 October 2021 asking for information. It did not receive the information it had requested, so on 29 October 2021 it sent a 'Notice to Close' (NTC) to C, explaining that it intended to close all the accounts in 60 days' time.
- It then put the closure on hold until May 2022. It spoke to a representative of Mr H's business during that month, and explained that it needed the KYC forms to be completed.
- It still did not receive the completed forms, but in November 2022 a representative of Mr H's business called and asked for the forms to be sent again. It sent the forms by email, but they were still not returned.
- On 11 January 2023 it contacted Mr H's wife Mrs H by email and text message, explaining that it would close C's accounts "straight away" if it did not hear from her by 18 January 2023. It did not hear from Mrs H, or from anyone else associated with C, and so it closed the accounts on 13 February 2023.
- It accepts that it provided Mr H and his staff with poor service after his account closed. For example, it initially said the account could not be reopened at all. Then it said the account would be opened in three to four days, then it said the account was guaranteed to be reopened in ten working days, then it gave a new timescale of two

to three weeks.

- A mandate change was required to enable Mr H to operate the accounts himself. That mandate change has now been processed, and Mr H's bank accounts are available for him to use.
- Overall, it did nothing wrong in closing Mr H's account, but its customer service after the account closed was poor. It offered £350 to apologise for that service.
- It acknowledges that Mr H is still experiencing issues with online banking, but those issues are not related to the closure or to KYC. It is willing to treat the access issues he experienced up until 2 June 2023 as part of this complaint, but it said the difficulties he experienced from 3 June 2023 are new and should be considered separately.

I issued a provisional decision on this complaint in November 2024. Briefly, I said that I didn't think it was reasonable for Barclays to have relied on its 29 October 2021 Notice to Close when it closed Mr H's accounts on 13 February 2023, because Barclays' later actions had the effect of withdrawing its October 2021 NTC. I agreed that Barclays' customer service was poor between the closure of its accounts on 13 February 2023 and the date of its final response on 2 June 2023, but I did not comment on the service Barclays had provided after 2 June 2023. I proposed that Barclays should pay an additional £450 in compensation for distress and inconvenience, and pay interest on Mr H's money during the period he did not have access to it.

Barclays then provided us with further evidence. It said it had sent Mr H a new Notice to Close letter on 19 October 2022, and had not in fact relied on the 29 October 2021 NTC when it closed Mr H's accounts in February 2023.

Our investigator shared Barclays' further evidence with Mr H. Briefly, Mr H said:

- He is not satisfied that the 19 October 2022 letter – which he noted that Barclays had only recently found – was precise enough to ensure that important matters were dealt with by the account holder.
- He doesn't have anything from Barclays to show that it is acceptable for a letter to be sent to "the owner", without any other method of communication to him personally. Even if Barclays did make telephone or text message contact with a representative of his business, that person could have left shortly afterwards – and so he considers that Barclays should have made direct contact with the account holder personally.
- He has never had a personal email, text, or phone call regarding the closure of the accounts. But since the account was "reset" he does get such messages – and he assumes that he should have had them all along.
- He and his wife were doing all the chasing with Barclays, and there was no single person at the bank with responsibility to resolve his issues.
- He does not agree that the issues he has experienced since 2 June 2023 should be treated as a new complaint, as they didn't happen before the account closure and should be considered as part of the "aftershock" of Barclays' previous mistakes. It is unfair to say that he needs to make a new complaint, which would involve repeated interruption of work, when the post 2 June 2023 issues are an ongoing issue created by the closure.

- He suspects that Barclays has still not shared all material records with the Financial Ombudsman Service, and makes particular note of a conversation his wife had on 13 December 2023 where Barclays could not trace an 8 November 2023 conversation.

I issued a second provisional decision in December 2024, taking into account Barclays' further evidence. I said:

"I've reconsidered all the available evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances of this complaint.

Having done so, I have changed my mind. When I issued my first provisional decision, I didn't know that Barclays had written to "The Owner" of C on 19 October 2022. Whilst I still think it would have been unreasonable for Barclays to have relied on its 29 October 2021 Notice to Close in February 2023, I now accept that that's not what happened. Instead, Barclays relied on its 19 October 2022 Notice to Close.

I am satisfied that Barclays did indeed send its 19 October 2022 letter when and where it says it sent that letter. The letter was not personally addressed to Mr H, instead being addressed to "The Owner" of C, but [Mr H] was the owner of C and the letter was sent to Mr H's address – and so I am satisfied that Barclays' letter did constitute appropriate notice that it intended to close Mr H's accounts. I have seen nothing to suggest that Barclays did anything between 19 October 2022 and 13 February 2023 to withdraw that notice.

I acknowledge that Mr H feels strongly that Barclays should have done more to get in touch with him personally, either by calling him or by sending a personally addressed email, text or letter. But I don't think Barclays was required to do that. The terms and conditions of his business account (which are available online at <https://www.barclays.co.uk/business-banking/manage/terms-and-conditions/>) explain that Barclays is entitled to send notice by post. I see nothing wrong in the bank's decision to send notification by post only.

In the circumstances, I now consider that Barclays acted fairly when it closed Mr H's accounts, and I no longer intend to uphold that aspect of Mr H's complaint. I know Mr H will be very disappointed with my findings, especially as I previously said that I thought his complaint should be upheld, but I cannot ignore the evidence Barclays provided in its response to my first provisional decision.

So far as Barclays' customer service between 13 February 2023 and 2 June 2023 is concerned, everybody still agrees that it was poor. Barclays made a number of promises about when his accounts would be reopened, then failed to meet those promises. Taking into account our guidance on distress and inconvenience payments (which has already been shared with Mr H), I consider that Barclays' offer of £350 is fair and reasonable in respect of that poor service.

I know Mr H does not want the difficulties he experienced after 2 June 2023 to be treated as a separate complaint. But as I said in my previous provisional decision, Barclays is entitled to use its 2 June 2023 final response to draw a line under the problems Mr H had experienced up until that date, and to treat new issues (or even new expressions of previous issues) as a new complaint. So, I will not look at what happened from 3 June 2023 onwards here."

Barclays accepted my revised provisional decision.

Mr H said he thought the decision was poor, and did not adequately compensate him for the bank's obvious errors. He said there was no recognition of the bank's errors in deleting his details from his account, and he reiterated that he had not personally received any emails, messages or phone calls from the bank throughout the whole debacle. He also asked if Barclays was correct in issuing important correspondence without formally addressing it to the name on the account, and noted that anything addressed to "the owner" is usually spam.

Further, Mr H denied that Barclays made a call regarding this account, and he said the text and email sent to his wife on 11 January 2023 related to an already closed account. In any event nothing was sent to him personally in respect of the closure of the account.

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 have come to the same conclusions as I did in my second provisional decision, for the same reasons.

I am required to take all the evidence both parties have sent me into account, including the evidence Barclays provided after I issued my first provisional decision. For the reasons I've given, I'm satisfied that that evidence shows that Barclays did give Mr H adequate notice that it intended to close his account.

I appreciate Mr H is unhappy that Barclays wrote to "the owner" of C rather than to him as a named individual. But as I've said, I'm satisfied that Barclays was entitled to do that. It is clear that Barclays' records in respect of C were not complete, but that is one of the reasons the bank undertook its Know Your Customer exercise in the first place.

I am also satisfied that Barclays did make efforts to contact somebody associated with C (that is, Mr H's wife) by phone and email. But even if the bank hadn't done that, I would still have said that letter the bank sent to "the owner" of C was sufficient to inform Mr H that it intended to close his account. I therefore do not criticise Barclays for closing Mr H's account.

I do criticise Barclays for its behaviour after Mr H's account was closed. Everyone, including Barclays, accepts that its customer service between 13 February 2023 and 2 June 2023 was poor. It is right that Barclays should compensate Mr H for that poor service. However, for the reasons given in my second provisional decision, I am satisfied that a payment of £350 is fair and reasonable in respect of that poor service.

My final decision

My final decision is that I order Barclays Bank UK Plc to pay Mr H £350 to apologise for the poor service that it provided to him between 13 February 2023 and 2 June 2023.

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

Laura Colman
Ombudsman