

The complaint

A company, which I'll refer to as T, complains about the closure by Barclays Bank UK PLC (Barclays) of its bank account during their Know Your Customer (KYC) review.

In bringing this complaint, T is represented by its director who I'll refer to as Mr B.

What happened

Mr B has told us that:

- T is a not-for-profit company, limited by guarantee.
- In August 2023, Barclays began their KYC review into T's bank account (the Account). To that end, on 26 August 2023, the bank wrote to T enclosing a form for completion so that it could capture up to date information about T's business.
- Although he provided the information Barclays asked for, nonetheless, letters continued to arrive asking T to get in touch with the bank or risk the closure of the Account.
- After speaking to the KYC team in February 2024, he established that Barclays didn't think they had all the information they needed to complete the review. In particular they needed the name and address of T's guarantors.
- But Barclays never said how the information had to be presented, nor indeed that it had to be in writing.
- On 22 March 2024, he provided the information.
- On 5 July 2024, Barclays wrote to T again saying they intended closing the Account if, within 30 days, T didn't provide its business details.
- The letter did not say what business information was outstanding. And bearing in mind he'd already given the bank information in March 2024, he didn't provide any further information within the 30 days stipulated in the letter.
- Although he did attend a branch of the bank after receiving the letter, it was unable to help him.
- On 17 July 2024 he noticed he'd missed a call from Barclays because he wasn't near his phone at the time.
- On 13 August 2024 Barclays closed the Account and issued a cheque to T for the closing balance.

Mr B didn't think Barclays acted fairly and complained. He said he spent over 20 hours dealing with Barclays in connection with these events which were both stressful and upsetting for him. He believed Barclays should compensate him for his time and the general inconvenience for which he believed they were responsible.

Barclays acknowledged that during the conduct of the KYC review they did deliver poor service to T. More specifically that after their 5 July 2024 letter, their records show Mr B called the KYC team, but his call became disconnected.

The bank also acknowledged that Mr B visited a branch of the bank also, as he's confirmed but it seems it was unable to help him.

Nonetheless, as noted by Mr B Barclays said they did try contacting Mr B on 17 July 2024 but were unsuccessful. The bank paid T £75 by way of an apology for their poor service.

Beyond the failings noted in the preceding paragraphs, Barclays didn't think they'd done anything wrong. They've told us – in summary that:

- The KYC review was conducted into the Account as part of their legal and regulatory obligations.
- They later closed the Account because in its filings at Companies House, T omitted to update information about its guarantors and how much they each guaranteed. Furthermore, it did not provide this information to Barclays in accordance with the bank's request. In other words, although on 22 March 2024, Mr B did write in with details of the guarantors, despite two lengthy conversations the month before about how the information needed to be presented, Mr B failed to observe the bank's instructions. Specifically, the information hadn't been provided on an accountant or solicitor's letter head by way of certification.
- On the basis that the bank made reasonable and appropriate requests for information and T was unable or unwilling to provide it in the manner requested, the KYC review remained incomplete. Considering this, on 5 July 2024 it sent a Notice To Close letter to T and later closed the Account.

T's complaint remained unresolved and so, it was referred to this service to look into.

Our investigator did so. Save for the poor service which the bank acknowledged, and paid £75 in compensation which she believed was fair, the investigator didn't think Barclays had done anything wrong when it closed the Account. In summary, she said:

- She agreed that Barclays were fulfilling their legal and regulatory obligations when they conducted their KYC review into the Account.
- She was satisfied that the Account was closed for the reasons Barclays gave and are noted above. And more to the point, having regard to the telephone conversation between the bank and Mr B on 23 February 2024, she was also satisfied the bank made clear to him how the information needed to be presented to it.
- So, whilst Mr B did send details of T's guarantors to Barclays under cover of his letter dated 22 March 2024, it didn't satisfy the bank's requirements. In other words, the letter that provided the information was written and signed by Mr B rather than an accountant or solicitor unconnected to T.

Barclays accepted the investigator's conclusions. But T didn't. And on its behalf, Mr B asked for the case to be referred to an ombudsman for review and final decision. So, it was passed to me for that purpose.

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 agree with the investigator's conclusions and for broadly the same reasons. I'll explain why.

I start by also confirming that since they are strictly regulated, banks in the UK are required to carry out certain actions in order to meet their legal and regulatory obligation. That involves conducting ongoing checks and monitoring of new as well as existing relationships.

Barclays chose to do this by way of the KYC review and to that extent I do not think they did anything wrong when they decided to conduct this review into the Account.

However, I note the crux of T's case as Mr B explained is that Barclays shouldn't have closed the Account during the review. I also note his submission regarding the impact of the closure on T and him personally in terms of the stress and time that he had to spend dealing with Barclays during these events.

I have no doubt T would have faced some difficulty arising from the closure of the Account. But I note T has decided to open an account with another bank and so far, is pleased with the service it has received.

In the circumstances of this case, however, for me to require Barclays to compensate T for the impact of their action, I'd need to find they had made an error or acted unreasonably towards T – and I don't think they did.

I say that because in the conduct of the KYC review, Barclays were entitled to ask for the information they determined was needed to complete the review. And as already noted, to complete the review, Barclays needed and asked for the names of T's guarantors, their address and the extent of the guarantee that each of them gave in support of T.

After eventually establishing in February 2024, what information Barclays needed, it is Mr B's case that Barclays didn't make clear how T should present the information, nor did they say it had to be in writing.

In light of Mr B's submission, to determine whether Barclays acted fairly towards T, I've considered these two important questions:

- 1. Was the information T needed to provide made clear to Mr B as well as how it needed to be presented to Barclays?*
- 2. Did T provide the information in the form Barclays required?*

I come now to the first question.

To determine whether it could reasonably be said that Barclays were unclear about the information T needed to provide and the way the information had to be presented, I've listened to the phone conversations that took place between Mr B and the bank on 22 and 23 February 2024.

Having done so, I'm satisfied Barclays were clear and unambiguous.

In their 22 February 2024 conversation, Barclays told Mr B they needed a list of T's guarantors and the value of their guarantee. The bank employee explained that if the information was already listed on Companies House's records, the bank could itself gather that information. But she went on to explain that if the information wasn't there, then an accountant or solicitor's letter setting out that information would be needed.

I note also that during the call the employee did check Companies House's records and told Mr B she couldn't see the information they'd been discussing. In the call, the employee

made clear that in the absence of this information being lodged with Companies House in a confirmation statement, regardless of the extent of the guarantee – which might be as little as £1, the bank would still need an accountant or solicitor's letter confirming the information.

Mr B responded:

“right, I’m going to write that down”.

In the phone conversation on the following day – 23 February 2024, the same information that had been given to Mr B the day before was repeated. But the conversation covered whether Mr B as T's internal accountant could provide the information the bank needed. The employee with whom Mr B spoke said:

So, I have spoken to my manager, and this is the answer she has provided for you writing up the accountant letter. She's [said] an inhouse accountant or solicitor can certify documents as long as they themselves are not a beneficial owner or guarantor of the company that they're certifying the documents in their professional capacity. So as long as you're not one of the guarantors, we're happy to accept a letter from yourself listing the guarantors and how much they guarantee. But if you are one of the guarantors, then unfortunately, we can't accept a letter from yourself.'

I'm satisfied the bank made clear and Mr B ought reasonably to have understood that since he was one of T's guarantors, he could not himself provide the information.

Although there were further discussions about potential difficulty obtaining the information – because Mr B explained that although he might be able to determine who'd set T up in 1997 and hence provided the guarantee, he was less sure he'd be able to establish their address. In view of the perceived difficulties, Mr B indicated he'd be contacting the industry regulator the Financial Conduct Authority (FCA) and suggested Barclays did the same.

But overall, I am satisfied Barclays clearly explained to Mr B what they needed from T to complete their review. And I'm satisfied also that Mr B understood that. This is further demonstrated by his letter to the bank dated 25 February 2024 in which he acknowledged knowing what the bank needed. And although he expressed disquiet about the difficulty providing the information, he acknowledged that now that he was aware what was needed, he could at least try to address it.

Did T provide the information in the form Barclays required?

I should mention that I don't think Mr B's submission that Barclays didn't make him aware the information they needed had to be presented in writing is a pivotal point. Mr B did so in any event.

I can see that on 22 March 2024, Mr B wrote to the bank listing the names and addresses of the guarantors – including himself. But because the letter came from Mr B rather than, as the bank required an independent accountant or solicitor, it wasn't acceptable to Barclays.

I've noted Barclays' explanation why they were unable to accept the letter from Mr B. They said that as T's director, acting as their internal accountant as well as being guarantor himself, there was perceived conflicts of interest. And from the bank's perspective, it was obliged to ensure the information it received from T was valid and appropriately authorised to minimise potential risks to the bank.

I don't think the bank's position was unreasonable. And Mr B did not challenge the bank's requirement in that regard when it was explained to him on 22 and 23 February. Therefore,

on the basis T did not provide the bank with the information it asked for in the certified format it required, I don't think it was unfair to reject it. Neither am I able to say Barclays acted unfairly when on 5 July 2024, they gave T notice of their intention to close the Account given T's non-compliance with their request.

Considering this finding, and although I sympathise with T, it follows I'm unable to recommend that Barclays pay compensation to it for the inconvenience caused by the closure of the Account.

For completeness, I would add that even if I'd come to a different conclusion I wouldn't in any case have been able to compensate Mr B personally for the stress and time that he spent dealing with this matter. That is because this complaint has been brought to this service in the name of T, as a limited company – which is because T is the eligible complainant in this instance as per the rules by which this service must abide.

What that means is I would only have been able to consider how the impact of the events in question may have affected T, rather than Mr B in a personal capacity.

So, although I don't feel that Barclays have acted unfairly towards T regarding the points I've discussed above, I have nevertheless noted Barclays' acknowledgement that they provided poor service to T in the circumstances I've already noted. Furthermore, by way of an apology, the bank has paid T £75 in compensation.

We publish information on our approach to awards for non-financial loss on our website at:

<https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> –

Taking our guidance into account and applying my own judgement, I consider that Barclays' payment of £75 does represent fair compensation for the inconvenience they caused by that poor service.

My final decision

For the reasons explained above, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 28 April 2025.

Asher Gordon
Ombudsman