

The complaint

A company, which I'll refer to as R, complains that in the conduct of their Know Your Customer review (KYC), Barclays Bank Plc unfairly closed its account which caused significant financial loss.

In bringing this complaint, R is represented by its director who I'll refer to as Mr V

What happened

The background to the complaint is set out in my provisional decision dated 24 February 2025 which forms part of this decision.

I provisionally concluded that this complaint should be upheld, and I recommended that Barclays take certain steps to put things right:

In summary I said:

Like the investigator, I agree with Barclays' submission regarding their legal and regulatory obligations. It is the case that banks in the UK are strictly regulated and are required to carry out certain actions in order to meet those obligations. 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. To that extent, I do not think they did anything wrong when they decided to conduct this review on the Account.

Barclays acknowledged they made errors in the conduct of the review. And I agree they include the instances the investigator identified and are referred to above. But more to the point, I don't think Barclays acted fairly when they closed the Account. I am satisfied that R cooperated fully with Barclays during the conduct of their KYC review - including at times when their request for information was duplicated and/or confusing as demonstrated in the bank's 30 August e-mail. I'm satisfied the correspondence that went unanswered – such as Barclays' emails dated 31 May, 4 July and 22 August were because they were sent to an incorrect email address.

In the period leading up to the closure of the Account, the correspondence between R and Barclays, especially between 28 – 31 August demonstrated R was fully engaged with the KYC process, either directly or through its accountants. Further still, in the days before the Account was closed on 29 September, I note that on 18 September Barclays e-mailed R for further information which R's accountant provided on 20 September. Considering this, I can't see there was any reasonable basis for Barclays' decision to close the Account and I therefore find that the bank did so unfairly.

I turn to the question of whether the Account was closed on two occasions as Mr V maintains. Barclays say the Account was only closed between 29 September and 5 October 2023. So, there's a clear dispute between the parties here.

closure between 31 August to 4 September 2023.

Barclays say, no stop or hold was applied to the Account between the above dates. Whilst they acknowledged they deferred settlements from 15 September, they say this didn't itself inhibit transactions taking place on the Account.

The bank's evidence shows that when on 31 August, Mr V wrote to Barclays to provide the information they'd had asked for on 30 August, at which point he complained about having been asked again to provide this information, I can see that Mr V added:

"Can you confirm ASAP the current status of our account as it appears we cannot process any card payments".

I see also that Mr V sent further emails to Barclays on 1 September asking for an update regarding the reinstatement of card processing facilities.

On 4 September 2023 Barclays responded to say:

"The information refreshed for this account is now complete and the account has now been reopened".

Based on this evidence, I'm minded to accept Mr V's testimony that R's account was closed for this earlier period as well as later between 29 September and 5 October 2023.

I'll set out in later paragraphs my proposed conclusions on R's alleged financial loss arising from both closures. But first I'll address the question of the inconvenience which like the investigator, I'm satisfied R suffered. I'm pleased that Barclays also recognised this. And they were right therefore to compensate R for that inconvenience.

I note Mr V didn't think the £250 Barclays paid was enough and he's maintained that position in spite of the uplift proposed by the investigator.

Determining an appropriate award for inconvenience can be difficult. But I agree with our investigator's conclusion that £250 did not fairly reflect the overall impact of the inconvenience suffered by R. The correspondence from Barclays to R could have been better. For example, sending correspondence to the wrong e-mail address and duplicating their request for information regarding R's shareholders were avoidable errors and meant Mr V had to engage in unnecessary further correspondence with the bank. Not least Mr V's e-mails to Barclays on 31 August and 1 September.

Against that background, I further agree that the recommended £250 increase the investigator proposed Barclays should pay to R, seems fair and reasonable.

I say that because as well as using my own judgement, I've also had regard to our own guidelines on inconvenience awards details of which can be found on our website. Those guidelines suggest that an award of around £500 is fair and reasonable where a financial business has caused significant inconvenience. I intend finding therefore, that £500 compensation fairly reflects the impact of the issues raised in this case and is a fair way to resolve this complaint. I'm not at present persuaded to increase the award further.

That leaves the question of R's alleged financial loss which includes the cost of Mr V's time dealing with Barclays. I turn to that issue first. Mr V has explained that his time overall comes to £6,900.

In circumstances, where a complainant that's a limited company (as R is) complains to us about an alleged error by a financial business and we find in its favour, we wouldn't generally award compensation based upon what its director charges for their time.

Rather we look at the overall impact of the error on the company, including the fact that as a result of something a financial business did wrong, the director of the company might be unable to properly conduct the company's affairs and by extension cause it to suffer inconvenience. In the circumstances of this case, however, I'm satisfied £500 compensation fairly covers the impact on R, including taking account of, as I have, Mr V's time dealing with these events.

I turn next to the other elements of the financial loss Mr V believes R has suffered – such as lost bookings.

I start by saying, the aim of compensation is to put a complainant back into the position, or as closely as possible that they would have been in had the error complained about not occurred. That easily stated objective is not easy to achieve in practice and is complicated in this case because of the nature of R's business.

I have considered Mr V's submissions very carefully. I thank Mr V for the care he has taken in preparing the spreadsheet that he's submitted as evidence of R's financial loss. And I thank him also for explaining the principle behind his calculation which I've already set out above.

But I haven't been persuaded Barclays' error did cause R to suffer the financial loss Mr V is aiming to recover. I'll explain why.

I can see from R's website that it required a 25% deposit to secure the booking of the accommodation the customer requires, with the balance payable 4 weeks before the customer's arrival. And R offered different types of accommodation ranging from tents to cottages which in all likelihood would be reflected in the pricing structure.

I appreciate that on-line booking customers would need to pay their deposit to secure their accommodation and so, if R's card machine wasn't working that wouldn't be possible. But for me to require Barclays to compensate R for this, I'd need to be certain about the actual bookings Mr V is alleging did not happen because of the closure of the Account which in turn led to its card machines inability to accept payments. I say that because I cannot fairly award compensation for assumed or speculative losses.

R has not shown the actual bookings that it believes were attempted but were unsuccessful on the dates the Account was closed. Furthermore, I would need to be sure those customers who may have been unsuccessful during such dates did not later successfully book their accommodation when the Account was re-opened, and R machine was up and running again. In other words, I can't rule out the possibility that the number of bookings that R may have potentially missed out on while its account was closed will have been made up by subsequent bookings by the same customer or other bookings by other customers.

Therefore, based on the evidence I currently have, I can't fairly or reasonably conclude that R experienced the financial loss Mr V is claiming. So, I won't be asking Barclays to pay compensation for this.

What happened since my provisional decision

Barclays accepted my provisional decision. But R did not respond

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 and since there is no new evidence or arguments for me to consider that might have led me to come to a different conclusion to that which I set out in my provisional decision; I believe my provisional decision still stands. In other words, my final decision is the same as my provisional decision.

Putting things right

For the reasons explained above, I recommend that Barclays take the steps set out below - including the payment of compensation and interest to P.

My final decision

My final decision is the same as my provisional decision in the sense that, in full and final settlement of this complaint, I require Barclays Bank Plc to pay R:

- £250 for inconvenience; and
- Interest at 8% on the sums withheld from commencement of the settlement deferral period until the date they were credited to R's account.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 8 April 2025.

Asher Gordon
Ombudsman