

## **The complaint**

A company, which I will refer to as N, complains about the way Barclays Bank UK Plc carried out a Know Your Customer (KYC) review. N's directors say that the review took an unreasonable amount of their time and effort, was very stressful, and caused anxiety.

## **What happened**

Barclays began a KYC review of N's account in February 2024. As part of that review, the bank asked N's directors to complete a form providing information about their business.

N's directors say they completed the form on at least five occasions. Barclays can only trace receiving it once, but it says it does not dispute the directors' evidence that they sent the form multiple times. The directors also said they visited Barclays' branches twice, in May and June 2024, to try to resolve matters.

Barclays wrote to N's directors in July 2024 to apologise for not properly following its KYC process. It said that it applied restrictions to N's account when it should not have done, and it also apologised for failing to call N's directors back as promised. It offered to pay £240 to acknowledge its errors and poor service.

N's directors said they wanted Barclays to pay £1,000 in compensation, and also to change its online forms so that this problem would not reoccur in future.

One of our investigators looked at this complaint, but he thought Barclays' offer of £240 was fair. He acknowledged that N's directors had suffered distress, but he said we couldn't make an award to them because the complaint here is the limited company N, and not its directors.

N's directors did not accept our investigator's opinion. They said it was ridiculous to suggest the company could not suffer distress – N is a small business with no staff and no employees, and the company consists of the directors only. They said they could understand the investigator's view if N was larger, but in their case they live and breathe their business at all hours of the day. They said that the amount of £240 does not compensate them for the time they spent dealing with Barclays' incompetence, and £1,000 would be more appropriate.

## **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, whilst I'm sorry to further disappoint N's directors there is very little I can add to what our investigator has already said. I have come to the same conclusions he did, for broadly the same reasons. But I will make some further comments below.

As our investigator noted, we publish guidance on our approach to non-financial loss at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>. So far as complaints from businesses are concerned, we say:

“You may want to make a complaint to us if your limited company has been inconvenienced. We can award compensation for this. But the company itself can't be 'distressed', so we wouldn't award compensation for this.

As the limited company will be the customer of the business, we couldn't pay the compensation to you or anyone else personally as a shareholder or director. The compensation can only be paid to the company itself.

However, if you're a sole trader or a partner in a partnership, you can make a complaint about something that's affected your business. But as your business isn't a separate legal entity, you can generally be awarded compensation personally.”

I know that N's directors feel very strongly that we should not draw a distinction between them and their company – they say that they *are* their company. But the fact remains that in law, limited companies and their directors have separate legal personalities. That means directors do not usually have any liability for the company's debts (except in certain circumstances, such as where the director has given a personal guarantee), and it also means that I cannot make an award to the company in respect of distress suffered by a director.

I acknowledge that at one stage N's directors suggested that they might wish to make a complaint on their own behalf, rather than on behalf of their company. But I would have no power to consider any such complaint. The bank account at the centre of this dispute belonged to N, not to the directors as individuals. If the directors were to complain about N's bank account, then in effect they would simply be complaining about somebody else's bank account – and our rules don't allow us to consider such a complaint.

I also have no power to order Barclays to make any changes to its online forms. The Financial Ombudsman Service is not a regulator – that role falls to the Financial Conduct Authority – and so I can only consider the individual circumstances of this complaint.

Complying with Barclays' KYC review will inevitably have caused some inconvenience to N. But that doesn't automatically mean that it's fair for me to award compensation. Banks in the UK are strictly regulated, and I don't think it would be fair for me to award compensation to N for any inconvenience caused because Barclays was complying with its legal and regulatory obligations.

Having said that, Barclays accepts that it didn't carry out its own KYC process correctly. Whilst I can see that the bank did write to N to warn that it would apply restrictions to N's account if its KYC requirements were not met, I can also see that the bank hasn't disputed N's directors' statements that they provided information multiple times.

N's directors have not provided any evidence that persuades me that N suffered a financial loss as a result of Barclays' errors. Their primary concern is about the distress they suffered as individuals – and whilst I don't underestimate that distress, as I've said I have no power to make an award for it. I do have the power to make an award for the inconvenience suffered by N. However, taking into account what happened here, looking at our guidance, and applying my own judgement, my opinion is that the £240 Barclays has already offered does represent fair compensation for that inconvenience.

### **My final decision**

My final decision is that I order Barclays Bank UK Plc to pay £240 to N.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 6 May 2025.

Laura Colman  
**Ombudsman**