

The complaint

A partnership which I'll refer to as J, complain that whilst conducting their Know Your Customer review (KYC), Barclays Bank UK PLC, (Barclays) wrongly closed its business account (the Account).

Mr C and Mrs L are two of J's partners and are bringing this complaint on its behalf

What happened

The background to the complaint is set out in my provisional decision dated 23 May 2025 which forms part of this decision.

I provisionally concluded that J' complaint should not be upheld:

In summary I said:

Everyone agrees that Barclays made a mistake when conducting their KYC review. The bank accepts that it shouldn't have debited the £64,475.96 from the Account on 20 October 2023. And furthermore, that it acted wrongly when a week later on 30 October 2023 it closed the Account. The bank reversed its action on 7 November 2023 by which time, as it has acknowledged J had no access to its funds for 17 days.

In the circumstances, there is no need for me to decide whether Barclays made an error, as that's already been acknowledged. All I now have to decide is whether the bank has done enough to put things right.

Before coming to the substance of my provisional decision, I wish to acknowledge Mr C and Mrs L's strength of feeling on this issue. I was sorry to hear also that these events happened at a time when one of J's partners was undergoing medical treatment. I therefore take their understandable point that the events would have caused yet further worry and stress.

I come now to my provisional decision in detail and start by acknowledging that broadly speaking a partnership can suffer financial loss as well as inconvenience because of the unexpected and erroneous closure of its bank account. I was pleased therefore to see that Barclays accepted that J was indeed inconvenienced by the closure of the Account and paid J £400 by way of an apology. I'll come later to whether I think that compensation fairly reflects the extent of that inconvenience. But first I'll address the main element of J's claim which is that it has suffered significant financial loss – amounting to £54,000 which it believes should be reimbursed by Barclays.

J's financial loss

It's worth noting at the outset that Mr C and Mrs L are somewhat light on the detail of J's alleged loss. More to the point, based on the itemised elements that are set out above, the overall figure falls short of the £54,000 being claimed. I can only award compensation, however for financial loss where I'm not only persuaded of the actual amounts but also the

bank's error caused it and it was a reasonably foreseeable consequence of its error.

loss of preferential credit facilities for animal feed - £18,720 per year

In support of this claim, Mr C and Mrs L have submitted letters from two feed suppliers who, for ease I'll refer to as W and K. The letters are dated 1 December 2023 and 30 August 2024 respectively.

W's letter mentions that its agreement with J was concluded on the basis that J would make payments on the day of delivery of animal feed, whereas they'd failed to do so. The letter also stated that J had twice promised it would make the payment but didn't.

Although there is no indication as to when the disputed payment issue occurred, considering the date of W's letter, I'm minded to conclude on balance that it is referring to events that happened during the period that the Account was closed.

In terms of the impact of the failure by J, W does indeed mention that going forward, future deliveries will be on the basis of cleared funds – ie payment in advance.

I can see that the requirement to pay for animal feed in advance of delivery, when it would appear J didn't have to do so before might be inconvenient and indeed could potentially affect cash flow from time to time. However, W's letter does not mention that the price J would have to pay going forward was being altered to its disadvantage. In other words that discounts hitherto applied were now being withdrawn. So, I can't fairly say financially in relation to W, J has been adversely impacted on the basis of any price variation.

K's letter also mentions the terms of its agreement with J. It was that payment for feed delivery would be taken on 20th of the month following the delivery of supplies. It points out that their agreement was based on trust and is broken when a direct debit fails.

On balance, like in the case of W, I'm also minded to conclude that the direct debit for K's payment failed during the closure of the Account. According to Mr C and Mrs L, because of this, J is no longer entitled to priority feed status on K's pricing matrix.

K's letter said:

"A clean financial history is important for a customer to secure the best prices, so failure to meet payment can have a long-term impact on a customer".

K goes on to explain that it supplies a special type of feed to J that is generally in short supply and that:

"A good credit history is important for a Customer to secure and then maintain an allocation of such feeds"

But I can't see from the letter that J has been told that going forward it will be provided with less favourable pricing for the feeds being purchased nor that it would be precluded from the supply of any specialist animal feed.

So, I don't think I have sufficient evidence to be reasonably satisfied that in respect of its feed supplies, J has demonstrated it has suffered the financial loss being claimed which largely arises from less advantageous pricing compared to what it had before.

loss of two livestock - £11,200

I was sorry to hear Mr C and Mrs L's account of the distressing emergency situation which led to the sad loss of two of J's livestock. Mr C and Mrs L have told us that ultimately it was the cancellation of the standing order for vet payments that meant the vet would not attend the farm to deal with the emergency delivery.

But Mr C and Mrs L have provided no evidence to substantiate their submission. In this connection, it is presently unclear to me that they did call their vet to explain the emergency situation and were told by the vet that in spite of the situation, they wouldn't attend the farm due simply to the cancellation of their payment standing order.

What that means is that I have insufficient evidence for me reasonably to conclude the cancellation of the standing order was the reason for the vet not attending the farm to deal with the emergency.

There are two further considerations that make it difficult for me to require Barclays to compensate J for the loss of livestock.

Firstly, even if J's vet had attended the emergency, it's difficult to say with certainty that would have avoided the unfortunate loss of the livestock. There is also a second and important point, which is that where a bank has made an error, I'd generally only consider an award of compensation where the loss being claimed is a reasonably foreseeable consequence of the error. I think I'd find it difficult to be persuaded that the loss of livestock in the circumstances that it occurred was a reasonably foreseeable consequence of the bank's error in closing the Account.

other financial impact of around £5,000.

As I've seen no clear explanation of this loss, I don't think I can reasonably require Barclays to pay compensation to J for it.

Non-financial loss - £16,000

I come finally to this aspect of J's claim. It too is quite substantial.

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>

As I noted above, I believed J was inconvenienced by the closure of the Account. So, I thought about whether the £400 Barclays have paid already and their offer to pay interest is fair and reasonable in the circumstances of this case.

I note Mr C and Mrs L don't think so. And they believe the cost to J as measured by the 640 hours they spent dealing with Barclays and other agencies at a charge out rate of £25 per hour should be reflected in the amount the bank needs to pay.

However, it's worth mentioning that we wouldn't generally award compensation based upon, the charge out rate of a complainant.

Our approach is to consider the overall impact of the error – including the degree of inconvenience that was caused generally. Determining an appropriate award for distress and inconvenience can be difficult. So, whilst I haven't closed my mind on this, and relying on the bank's records, I've tried to make an assessment of the time Mr C and Mrs L appears from those records to have spent dealing with Barclays. It follows this does not include the

time they'd have spent dealing with other agencies who were affected by the Account's closure.

During the 17 days the Account was closed, the bank records show communication on 23 October 2023 between the bank and Mrs L regarding the closure of the Account. The bank acknowledged its error and assured Mrs L the person who sanctioned the closure would be contacted to return the funds to the Account and reinstate direct debits.

The bank's records also show that on 1 November 2023, Mrs L called the bank for an update on the reopening of the Account. She was promised a call back which the bank did on 2 November 2023 when they spoke to Mr C. According to the records Mr C explained some of the difficulties J was experiencing – such as the inability to pay staff members and his concern that they might leave resulting in J having to recruit and train new staff.

That same day on 2 November 2023 it would seem Mr C and Mrs L visited a branch of Barclays in an attempt to also try and resolve matters. And Barclays have acknowledged they did not receive a good service from the bank.

Whilst I can't rule out the possibility there were other uncaptured engagements between Mr C and Mrs L and Barclays, it's not obvious from the evidence available there were regular prolonged engagements with the bank.

I accept there would have been engagement with other agencies that inevitably added to the time Mr C and Mrs L spent dealing with the effects of the closure of the Account. But I'm not at present persuaded this would have taken 640 hours as Mr C and Mrs L have submitted. In other words, whilst I think the inconvenience was significant, I haven't been persuaded it was of the magnitude submitted by Mr C and Mrs L. Furthermore, in relation to Mr C's understandable fear of the risk of losing staff due to J's temporary inability to cover their wages, it does not appear that this did occur.

Taking our published guidance into account as well as applying my own judgement, my provisional view is that the compensation recommended by the investigator is fair for the inconvenience J suffered. Especially when the 8% interest is applied to the Account balance for the 17 days J was without its funds.

As Barclays have already paid J £400 and have offered interest at 8% on the balance in the Account for the 17-day period I just mentioned, I intend concluding that this is a fair way of resolving this complaint. I don't intend therefore recommending that the bank should take any further action.

What happened since my provisional decision

In my provisional decision, I asked Mr C and Mrs L and Barclays to send me any additional points or information they wanted me to take into account before I issued my final decision.

Barclays didn't have any new information they wished to provide.

In Mr C and Mrs L's case, I didn't think I had sufficient evidence to be persuaded J suffered the financial loss they'd argued. Mr C and Mrs L haven't provided any new information in this regard. Rather, they've said - in summary that:

- The most important point worth emphasising in this case is the significant distress both physically and mentally that was caused by the bank's error. Specifically, that the denial of access to J's funds meant it was a constant physical and emotional battle to keep hundreds of animals alive.

- The ability to conduct the daily business on the farm was also impacted - including:
 - The inability to use farm machinery to conduct essential work due to lack of fuel.
 - Having to deal with employees who couldn't be paid
 - The lack of access to funds meant purchasing food for the family and settle bills couldn't be done. And in connection with the latter, both phone and wifi were cut off
 - Neighbours and other farmers believed J as a business had failed, so the reputation and trust that had been built up over many years were destroyed.
 - A similar case from our published case studies show we awarded £4,700 in compensation for financial loss and distress and inconvenience.

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.

To begin with, I thank Mr C and Mrs L for expanding on the arguments they'd originally made regarding the extent of the impact of Barclays error in closing the Account. They've told me the important considerations are the distress and inconvenience they experienced and so, I've thought carefully about that.

In the circumstances of this case, in terms of impact, I provisionally concluded J was inconvenienced by Barclays' error. That conclusion is only further reinforced by the examples Mr C and Mrs L have given. Especially, about the difficulty they faced when trying to operate the farm without ready access to J's funds.

As regards the other impacts that are mentioned, I have no safe way for example, of determining whether it was solely the closure of the Account in a two-week period that caused their phone and wifi companies to terminate services. Typically, this happens after much longer periods.

Also, whilst I sympathise with Mr C and Mrs L's testimony that the perception during that period that the farm had failed, damaged J's reputation, self-evidently it had not failed and J did continue to trade successfully.

All that being said, the determining issue here is what the appropriate level of compensation should be. I've already noted the fact that when it comes to awarding compensation for inconvenience, arriving at the appropriate figure can be difficult.

Mr C and Mrs L say they don't feel the level of compensation I regarded as appropriate in this case went far enough. And they've pointed me towards the case study that I've already referred to.

But when we consider cases, we're not bound by precedent. Rather we look at the individual circumstances of the case and reach our decision based on what is fair and reasonable for the particular case.

It's worth noting here, that an important distinction between J's case and the one in our case study, is that I provisionally concluded that J hadn't suffered financial loss arising from the closure of the Account. And I've not been presented with any new evidence to the contrary. The issue in J's case is the appropriate level of compensation for non-financial loss.

In their original submission, Mr C and Mrs L argued that a figure of £16,000 would be appropriate to recognise the non-financial impact on them of Barclays' error. But I remain unpersuaded that this is reasonable. Especially when taking into account our approach to awards for non financial loss as well as applying my own judgement in this case.

Given the above, therefore, I'm satisfied the £400 compensation Barclays Bank UK PLC have already paid to J and their offer to further pay 8% interest on the balance in the Account for the 17-day period that it was closed is fair and reasonable. I don't require Barclays Bank UK PLC to do anything more than this, in respect of J's complaint.

My final decision

My final decision is I do not uphold this complaint in the sense that I'm satisfied the £400 already paid plus the offer of interest at 8% for the 17 day period the Account was closed fairly reflects the impact of the issues raised in this case. I'm also satisfied it is a fair way to resolve it. I'll leave it to Mr C and Mrs L to liaise directly with Barclays Bank UK Plc if on reflection they are prepared to accept the bank's offer.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 18 July 2025.

Asher Gordon
Ombudsman