

The complaint

A limited company, which I'll refer to as T, complains Barclays Bank UK PLC (Barclays) handled an information request poorly, which resulted in the freezing of its business account.

What happened

Mr S, who is a director of T, brings the complaint on T's behalf. Mr S has used the services of a solicitor, but for ease of reading, I will refer to Mr S for the purpose of the complaint.

Barclays sent T a letter asking for specific information it required for mandatory verification processes. Mr S completed the form promptly and returned this to Barclays.

Barclays sent a further letter stating some information was missing and Mr S provided the information requested.

Further letters were sent to T asking for repeated information and for T to get in touch. Mr S continued to follow up on this, sending further letters, making numerous phone calls and visiting branch. Branch advisors confirmed they were unable to help.

Mr S continued to try and contact Barclays through phone calls, online chat and social media, but was still unable to resolve the information request.

Following this, Barclays froze T's account with no warning. This contained all of T's capital and meant it was unable to pay staff, bills or conduct day to day business activities for approximately seven weeks. Mr S had to use his personal funds to operate the business and had to tell clients its accounts had been frozen.

Barclays upheld T's complaint, it apologised for the errors and offered to pay a fees refund, compensatory interest and £750 compensation. T rejected this offer, brought its complaint to this service and an investigator looked into things.

The investigator agreed Barclays hadn't acted reasonably and mistakes had been made. But they felt the offer from Barclays was fair, explaining as the complainant is a limited company it can't be compensated for distress, but can be inconvenienced.

T remained unhappy with this outcome, it felt the compensation offered by Barclays didn't reflect the harm caused to its reputation, and it asked for an ombudsman to decide things.

In my recent provisional decision, I said:

'It's not in dispute the complaint is upheld, and Barclays has agreed the service received by T fell well below its usual standards. I think Barclays made mistakes, it recognised this had an impact on T and made an offer to put things right. My role is to make a final decision on whether that offer is fair and reasonable, and I don't think it is.'

Firstly, T instructed a solicitor to try and resolve its complaint. It thinks Barclays showed a willingness to cover legal costs incurred, as it asked for a copy of an invoice for these for it to review.

Whilst I appreciate T felt it may have been necessary to seek legal advice for its complaint, it was T's choice to take this action. Barclays advised it would consider the fees for review and it did so. This service is a free and informal route to resolve disputes, so I don't think it's fair to ask Barclays to cover any costs for professional help.

T states Barclay's offer is not adequate compensation for the reputational harm and issues caused by closing the account without warning caused.

I asked T to provide evidence to demonstrate this, which it has done. This includes copies of emails from clients, bank statements to demonstrate the use of personal funds and multiple letters sent to confirm its new bank account details to clients.

T has demonstrated payments were bounced and direct debits were not honoured, with additional work required to communicate the issues with its clients. It has also demonstrated concern from clients, with several requiring formal verification in the form of letter-headed paper before making future payments.

T has also confirmed the time and effort required during the issue, with the majority of this falling to Mr S. This includes individual emails and verification calls to a range of clients, multiple phone calls to Barclays in addition to updating all clients with new bank details.

T also stated a long-term client under a £2,000 per month retainer chose to leave its services following the account closure. I understand why T thinks this may be as a result of the error; however, its client didn't provide a reason for exiting and T hasn't been able to provide evidence this was a direct result of Barclay's actions. Therefore, I am unable to compensate T for this loss.

I need to explain I can't make an award based on time spent by company staff or directors, but I can look at the overall impact any mistake had on the company.

The rules we follow can be found in the FCA handbook and tell us we can investigate complaints on behalf of eligible complainants. A full list of eligible complainants can be found in DISP 2.7.3(R).

In this case T is the eligible complainant, and we can only make awards to eligible complainants. As T is a limited company it can't be compensated for distress, but it can be inconvenienced and can experience financial loss.

Mr S is acting as a representative of T, and so although I appreciate he may have suffered personal inconvenience or distress I can't make any award based on this.

I think Barclay's actions had a substantial short-term impact on T, causing significant inconvenience which required a lot of extra effort to sort out. The business account was closed for approximately seven weeks, resulting in serious disruption to T's day to day running of its business.

Having considered all the circumstances, I think Barclays should pay T £1,500 for the inconvenience it suffered, along with the previous offers of compensatory interest and a fees refund.'

Responses to my provisional decision:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I provisionally decided to uphold the complaint, and thought Barclays should pay T £1,500 to compensate for the service it received in addition to compensatory interest and covering any charges applied.

In response to the provisional decision, Barclays agreed with my award.

T didn't agree. It asked for the compensation to be reviewed as didn't feel this was adequate in the circumstances of its complaint.

Having reconsidered the issues in this complaint, whilst I sympathise with T, I remain of the view that my provisional decision was the fair and reasonable response to what happened to T.

My final decision

For the reasons I have given, it is my final decision that the complaint is upheld and I require Barclays to:

- Pay compensatory interest at 8% for the period T didn't have access to its funds.
- Cover all charges applied during the affected period, including transaction fees, commission, and other relevant charges.
- Pay £1,500 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 19 May 2026.

Hannah Edmondson
Ombudsman