

## **complaint**

Mrs M complains as a director of a limited company 'C' that Barclays Bank Plc didn't redirect her merchant services during an account switch which led to a delay in funds being available to C.

## **background**

C decided to switch its business bank account from its old bank 'Bank A' to a new bank 'Bank B'. Barclays provided C with its merchant services and so C asked Barclays to start sending its transactions to its Bank B account.

But the merchant transactions didn't switch over on the date that C's bank account changed.

Mrs M complained to Barclays saying that she felt she had sent the correct paperwork to Barclays in time for the change of accounts.

Barclays said that it had sent C two direct debit mandates which needed to be signed in order to switch the account, but that Mrs M had only returned one of the mandates out of the two. Barclays said they walked Mrs M through exactly what was needed. It acknowledged that it hadn't clearly explained what was required of Mrs M previously so, paid C £150 compensation for the inconvenience it caused.

Overall, it took nearly a month before the transactions were being sent to the correct account. This meant that around £4500 had been sent into C's old bank account which was closed, and C no longer had access to it.

Mrs M asked Barclays to reclaim these funds and send them to C's Bank B account. However, it took several months for the funds to be reclaimed from Bank A by Barclays before being sent to Bank B.

Mrs M remained unhappy with Barclays due to the delay in redirecting the merchant services and the delay in returning the funds to C's new account. Mrs M said that this had led to financial pressure on C which then had to borrow money from another business. So, she brought C's complaint to us.

Our investigator contacted Barclays who offered a further £350 in compensation to C for the delays and disruption caused. Our investigator felt that C hadn't provided Barclays with the required mandates before the accounts were switched. But they also felt Barclays hadn't handled the case well as there were avoidable delays but that its offer of compensation was fair.

Mrs M remained unhappy as she said that this complaint solely related to Barclays not redirecting the funds to the correct account. Mrs M said that, as she sent written instructions to Barclays to change the accounts, it shouldn't matter whether the direct debit mandates were received. So, the case has been passed onto me for a decision.

## **my findings**

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

Mrs M feels that, as Barclays had been notified in writing of the changes she wished to make, it shouldn't matter whether the direct debit mandates were received first. But I don't agree, and I'll explain why.

C entered an agreement with Barclays to provide its merchant services. Part of the terms and conditions of that agreement were that *'Unless we agree otherwise with you, you must authorise your bank to pay direct debits for any amounts you owe us under this agreement'* So, C had a responsibility under its agreement with Barclays to authorise the direct debit mandates for its new account - so that Barclays would be paid for its services and so it could reclaim any money refunded under chargeback. So, I don't think it's unreasonable for Barclays to say the direct debit mandates needed to be completed before it would change the account.

I can see from Barclays contact records that Mrs M asked about changing the recipient bank account about two weeks before the accounts were due to change. Barclays said they sent two direct debit mandates to C by post two days later. Mrs M has said that she returned these mandates by post, but Barclays said they weren't received. I haven't seen any evidence that Barclays received these nor has Mrs M been able to show that they were sent. So, I can't say that Barclays were wrong not to make the changes having not received the mandates.

Mrs M chased Barclays around four days after the bank account switch and she was informed that Barclays hadn't received the mandates. In order to speed up the process Barclays said they would re-send the mandates by email. Barclays said they received one of the mandates back from Mrs M by email three days later.

Mrs M has provided us with a copy of the fee collect mandate dated mid-September as well as the settlement mandate dated late September. Mrs M has said that she sent the mandates back to Barclays 16 times. However, Mrs M hasn't provided any further evidence to show that both mandates were sent before late September. So, I'm not persuaded that Barclays had received both completed mandates before late September. The following day Barclays successfully changed the recipient bank account to C's new account.

Barclays has acknowledged it didn't make it clear to Mrs M that both mandates would be needed to redirect the merchant services. So, it paid C £150 for the inconvenience this caused. And whilst I do think that payment reflected the level of inconvenience caused at the time, I think Barclays now needs to recognise that it also didn't handle other things well. For instance, due to the delay in changing the recipient account, around £4500 was sent to C's Bank A account, which was closed. Barclays told Mrs M that she would have to approach Bank A to retrieve the funds herself. But Bank A told Mrs M that Barclays would have to send signed authority to return the funds and this makes sense, given the potential for chargeback issues. Whilst Mrs M told Barclays about this in late September, it took Barclays until late November to write to Bank A. Although I can see that there was some communication between Barclays and Bank A during this time, I don't think its delay was reasonable, particularly as Mrs M had already said what was needed.

Once the request was received by Bank A it told Mrs M that the funds would be returned within five days. Mrs M called Barclays two weeks later as the funds had still not arrived. Barclays said that Bank A had sent the funds, but they were returned to Bank A as it didn't include the reference Barclays had provided in its request. I can see why this caused further frustration and inconvenience to Mrs M. Barclays had to re-request the funds which led to further delays. But I can't hold Barclays entirely responsible. As this delay was down to Bank

A not including the reference number which had been requested of them. However, there were avoidable delays and, on several occasions, it took for Mrs M to chase Barclays before there was any real progress in her case.

Barclays have offered a further £350 in recognition of the inconvenience it caused. When considering if this compensation is fair, I must consider the impact on C as a limited company as it's C who has brought its complaint to us. I can see that there has been inconvenience caused to C's staff having to repeatedly contact Barclays by email and telephone in order to progress the complaint. C chose to employ a contractor in order to assist in resolving the issues with Barclays. But this was a decision made by C and it didn't have to. So, I don't think it's fair for Barclays to pay the contractors fees. But Barclays do need to compensate C for the inconvenience it caused, and I think Barclays offer of a further £350 is a fair reflection of the level of inconvenience it caused C.

I understand that Mrs M would like Barclays to compensate C for the money it has borrowed from another business. Having looked at the bank statements C has sent to us, it shows that C borrowed just over £5000 from another business in the period when the transactions were being sent to the wrong account. Had Barclays been able to recover the funds and return them to C straight away, then C would have been able to pay back the other business several months earlier. However, there doesn't seem to be a contractual agreement for C to pay back the money that it borrowed. And it doesn't appear that this delay led to any additional costs to C. So, I can't say that the delay caused a direct financial loss to C which requires any further compensation. For that reason, I won't be making an award in relation to this particular aspect.

### **my final decision**

For the reasons I've explained, my final decision is that I uphold this complaint. I direct Barclays Bank PLC to pay C;

- £500, of which £150 has already been paid, for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M on behalf of C to accept or reject my decision before 16 April 2020.

Tim Wilkes  
**ombudsman**