

## **The complaint**

Mrs G is a sole trader. She complains that Barclays Bank UK Plc unfairly declined her application for a Bounce Back Loan (BBL) and closed her business account.

## **What happened**

Mrs G wanted to apply for a BBL with Barclays as the lender she banked with wasn't participating in the BBL Scheme.

In August 2020, Mrs G successfully applied for a business current account with Barclays. Shortly after, she applied for a BBL. Barclays said it needed further information to confirm she met the Scheme eligibility criteria, which included that her business was trading on 1 March 2020.

Mrs G provided documentation to support her application, but Barclays wasn't satisfied with this. The bank said it needed a copy of her 2018/19 tax return – as Mrs G said she'd been trading in 2018. It also said the bank statements Mrs G had provided weren't in her name. Mrs G confirmed the business had only started trading in January 2020 and provided a letter from her existing bank explaining why her initials didn't match on the bank statements.

Barclays still wasn't satisfied with the information and declined Mrs G's BBL application. A couple of days later it blocked her business and personal accounts before closing them without notice shortly after. Mrs G didn't think this was fair and asked this service to look into what happened. Mrs G's concerns regarding her personal account complaint have been addressed and resolved under a separate complaint.

Our investigator didn't think that Barclays' concerns about the information that Mrs G had provided were reasonable and that it had therefore acted unfairly in declining her BBL application and closing her account. To put things right, she recommended that the bank reconsider Mrs G's BBL application and pay her £500 compensation for the distress and inconvenience caused.

Barclays accepted our investigator's view. Mrs G didn't think the £500 was enough compensation for the inconvenience and asked for an ombudsman to review her complaint. So the case has been passed to me to decide.

Since the investigator issued her opinion, Barclays has reconsidered Mrs G's BBL application. The loan was subsequently approved and drawdown in January 2022.

## **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.

There is no longer any dispute that Barclays made an error in declining Mrs G's BBL application and closing her account. Although for completeness, I should say that I agree that the bank's actions weren't reasonable in light of the information available to it. So the

issue for me to decide is how to fairly compensate Mrs G for the impact of the bank's incorrect decision to decline her BBL application and close her business account.

However, since our investigator reviewed Mrs G's complaint and made her recommendations, Barclays has confirmed that it has reconsidered Mrs G's application and provided her with a BBL for the full amount she requested. With regard to the BBL, Mrs G has told us that although she's now received the loan, she believes she hasn't derived the same benefit from it that she would if she had received it when she should have done.

Mrs G says she wasn't able to use the BBL as quickly as her competitors, so she's been disadvantaged. But I haven't seen any evidence to support Mrs G's statement or prove that other businesses were granted the BBL, and if so, what they chose to do with the funds. I understand that due to the bank's actions, Mrs G didn't have the loan for almost a year so she couldn't use it in the way that she would have wanted – and it's possible that her business lost out because of this. So I think Barclays should pay some compensation for the distress and inconvenience caused to Mrs G. However, despite the investigator's requests, I haven't seen any evidence from Mrs G to substantiate how the business was impacted – which means I'm not able to fully assess this part of her complaint.

Mrs G also says she's not benefitted from the 12-month interest free period and has incurred more interest on the BBL than she should have. But I've seen that her loan is on the standard BBL terms so she hasn't incurred any interest that she wouldn't always have needed to pay. She's also told us that she was caused inconvenience as she had to visit her other bank multiple times as Barclays kept asking for more information for the BBL application. But I've looked at the information the bank requested and the explanation it provided for these requests, and I think Barclays actions were reasonable.

Mrs G told us she was caused distress and inconvenience because her business account was closed without notice. Mrs G says because of the bank's actions, her direct debits bounced, her business transactions had to be made in cash and any automated payment details were removed. This also meant she'd had to go to the branch during the Coronavirus pandemic – which put her husband at risk due to his health concerns.

It's not in dispute here that the bank's actions had an impact on Mrs G, and that it needs to put things right. However, Mrs G has confirmed that she was able to open a business account with another bank around a month after her account with Barclays was closed, so she no longer requires an account with Barclays.

Mrs G has told us that she's still concerned about the bank's reasons for closing her account and that if it had concerns about her identity it should keep her updated. The bank has agreed that it made a mistake by closing Mrs G's account, but when it made the decision to close the account, it was following the account terms and conditions. The terms and conditions say that in certain circumstances the bank can close an account immediately – but it wouldn't normally disclose the reason for doing so. If Barclays did have concerns about the information Mrs G had provided, it wouldn't have been able to tell her that was the case due to its regulatory obligations – as it wasn't aware at the time that an error had occurred.

I acknowledge Mrs G says her business was impacted because of the payments through her account. However, the bank has shown evidence that Mrs G had two Direct Debits set up on her business account and neither of the payments were returned at the time the account was blocked – although I recognise Mrs G would have had to cover these payments from another source for the month she was without an account, which would have been inconvenient.

Mrs G also said she lost the details of business transactions when her account was closed. I understand this would have been frustrating and distressing for Mrs G, but I haven't seen

any evidence that she asked the bank to provide her with the details of these transactions. And whilst I agree, Barclays error caused inconvenience here for Mrs G, I think it's likely that the bank would have been able to provide the information which wasn't available on her statements, had she asked for it at the time the account was closed or when she opened her account elsewhere so she could move the details to the new account..

Mrs G says she was caused distress and inconvenience as she had to go to the Barclays branch to collect the money held in her blocked account, and she had to ask for all her business transactions in cash. Although I don't disagree with Barclays reasons for asking Mrs G to go to the branch – due to its procedures - it's clear that she wouldn't have needed to do this had the bank not made the error. This meant Mrs G was caused inconvenience from attending the branch and distress from what she believed was increased exposure to the Coronavirus.

It's not for me to fine or punish a business for making a mistake, but I don't think Barclays treated Mrs G's fairly in how it reviewed her original BBL application and then subsequently, closed her business account. The bank has apologised and provided BBL as requested, and it's clear the closure of Mrs G's business account caused her distress and inconvenience. However, when making an award for compensation, I have to look at the overall impact on Mrs G because of the account closure which includes considering what the account was used for, and how any impact both could be, and was, mitigated.

I recognise that Mrs G feels strongly about this, and I understand why she may feel £500 compensation is too low. But I've considered the information that she's provided and based on what I've seen, I feel that the £500 compensation for distress and inconvenience is fair given the circumstances of the complaint.

### **My final decision**

My final decision is that I uphold this complaint. I instruct Barclays Bank UK Plc to pay Mrs G £500 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 8 July 2022.

Jenny Lomax  
**Ombudsman**