

The complaint

A company which I'll call E complains that Barclays Bank Plc behaved unreasonably when completing its banking checks.

The complaint is brought on E's behalf by their director, Mr C.

What happened

E held a business account with Barclays since 2013.

E told us:

- They were unhappy that Barclays had asked them for information about their trading address, but Barclays said it wouldn't accept the information they were providing unless they could provide a tenancy agreement, or the address was changed to Mr C's residential address.
- Barclays had sent them a threatening letter and said it would close their account if the information for their address wasn't provided. They didn't believe Barclays' request was fair and in line with the Financial Conduct Authority ('FCA') guidance,
- Barclays had provided poor service when they'd called to provide the requested information. It had taken too long to speak to someone and they'd either been cut off or the person on the phone had been unhelpful.

Barclays told us:

- It had requested information from E which it needed to complete its 'Know Your Customer' ('KYC') checks. The wording of the letter was deliberately strict due to convey the importance of the letter.
- It had apologised to E for the long call times the company said they'd experienced. However, they had been provided with the option for a call back rather than waiting.
- There was no evidence that E's call in December 2022 had been cut off by the bank.
- The information requested by the call handler in January 2023 was so they could understand E's business to be able to complete the KYC check. It was reasonable for the call handler to request this information, and it hadn't done anything wrong.
- E had provided information about their business trading address. However, this wasn't sufficient for its checks. It had therefore requested further information so it could clarify why E was trading from that address as it was unclear why it was doing so.
- It had told E that if they didn't provide the additional information, then it may result in their account being closed as it would be unable to meet its regulatory obligations.

Our investigator didn't recommend the complaint be upheld. She thought that it was reasonable for Barclays to request clarification about E's trading address. She also didn't think Barclays' call handler was being unreasonable, simply that she wanted to understand E better to answer the outstanding KYC requirements. The investigator noted that E didn't agree the bank's request was in line with what the FCA would require, but she thought the

bank had followed its process, and if it wasn't satisfied with E's response, it was reasonable for Barclays to close E's account.

E didn't agree. They said they didn't disagree with Barclays undertaking a KYC check, but they couldn't do either of the options provided by the bank as the information they had already provided was factually correct. E said the address provided was that of their accountants, and they only used this office on an ad-hoc basis and there was no formal agreement in place. If they were to put an agreement in place, this would cost them money when the business was barely trading currently, and it was unfair of the bank to force this action. So, they asked for an ombudsman to review their complaint.

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, I've decided not to uphold it. I'll explain why.

E says that Barclays has treated them unfairly as it wouldn't accept the address they had provided as a business trading address, despite this being accepted by HMRC and being factually correct. They also say this isn't something that would be expected of Barclays as part of its regulatory obligations by the FCA, and that providing a tenancy agreement would mean they incur additional costs. I recognise that E has found Barclays' request frustrating, but I don't think the bank has behaved unreasonably.

I say this because, Barclays has a legal and regulatory obligation to ensure that it has sufficient knowledge of its customers, often this can be seen through KYC documentation. But ultimately it is a commercial decision that Barclays is able to make on how it complies with its obligations – it's not for the bank's customers to decide what they deem as relevant or not. And provided the bank has acted in a fair and reasonable manner, that isn't something this service will interfere with. In this case, Barclays asked E to provide supporting documentation about the trading address they had given, or change the registered trading address to Mr C's residential address (as E's director), as it was unable to understand why E was trading from the address they had provided. I think this was reasonable.

I acknowledge E's comments about the likely costs involved with providing an agreement for the trading address. However, if the company wants to keep its account with the bank, then they need to provide this. Ultimately, a trading address is where a company says it conducts its business activities from and where it is registered for tax purposes. So, I think it's reasonable that as part of its legal and regulatory obligations Barclays has requested evidence to support what E has told it. Particularly, as the bank explained that based on what E had told it about the nature of the business, it appeared that as an alternative, the trading address could have been amended to Mr C's residential address, which wouldn't have incurred any costs. Barclays needed to be satisfied that E had legitimate grounds to use the address it had provided as a trading address, and I think it was fair for it for evidence of this.

E told us that Barclays had treated them unreasonably by sending them threatening letters about restricting access and closing their account. But I don't agree. As the bank wasn't satisfied it could meet its regulatory obligations whilst it had outstanding information from the company, it gave E firmly worded warnings that it would restrict, had restricted and then may close E's account. This was in line with the account terms and conditions. I think it's reasonable that the bank wanted to clarify information about E's business, and I've seen

copies of the letters which were sent to E and I don't think they are threatening, but factual in nature about the consequences of this information not being provided.

E also says that Barclays treated them unfairly because they got cut off from a call, then waited a long time to get through on the phone to the bank for a significant period of time, and when they did get through the call handler was unhelpful. But I don't agree. I've listened to the calls between Mr C, on E's behalf, and Barclays and although there was a lengthy wait on being put through to a call handler, the bank did offer the automated option to hold Mr C's place in the queue, and contact to be made when he reached the front of the queue. I recognise that Mr C says he was cut off by the bank on 22 December when speaking to the bank. However, whilst Mr C was being transferred between agents, he was given the option to leave a contact number for a call back. It appears Mr C didn't want to do this, and I'm satisfied from the evidence available that he disconnected the call.

On 20 January, when Mr C spoke to another call handler, he was clear with his tone and language that he was frustrated with the time it had taken to get through, along with having to provide the information requested by the bank in the first place. I understand that Mr C was frustrated with Barclays and its processes. However, I'm satisfied that the call handler was trying to assist him with the information they were providing and the questions they were asking – despite the reluctance from Mr C to engage with the bank to resolve the issue on E's behalf. So, I don't think the bank has treated E unfairly.

I acknowledge E will be disappointed with my decision, but I don't think Barclays has done anything wrong. It is entitled to ask for the information and evidence of E's trading address that it has so it can be satisfied it's met its regulatory obligations. If the evidence isn't provided or the address isn't amended for the reasons already given above, then I think it's reasonable that the bank takes the next steps it has explained to E which includes closing their account.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 26 February 2024.

Jenny Lomax
Ombudsman