

The complaint

C complains that Barclays Bank UK PLC have repeatedly asked it to provide company information that Barclays either already holds or could source online, and that Barclays have threatened to close C's accounts if it doesn't comply with their requests.

C is represented in bringing this complaint by its director, Mr B.

What happened

C has banked with Barclays since 2009. In November 2022, Barclays contacted Mr B asking him to confirm some details about C as part of their requirements for keeping C's account details up to date. Mr B provided this information online. Shortly after this information was provided, Barclays contacted Mr B by email asking him to call them as they needed to clarify some of the details. Mr B didn't respond to this email or to Barclays' phone calls to him about the matter.

In late November, Mr B emailed the CEO of Barclays UK directly as C's account had been restricted. He explained in this email that his reluctance to contact them by phone was due to Barclays' own communications about account security. And that as C's account had been restricted, he wanted a paper trail from Barclays in case it became a legal matter. Mr B also made reference to an *'ESG compliance scheme'* in this email.

Barclays recorded this correspondence as a complaint and told Mr B they were looking into the matter. Mr B continued to receive phone calls and messages from Barclays, which he didn't answer or return, while his complaint was being investigated.

Barclays sent their final response to Mr B on 23 December 2022. They explained the reason the account was restricted was due to them not having received specific information about C that they required to update the details they held about C and Mr B on their systems. They explained it is a regulatory requirement to keep this information up to date and that they conduct periodic reviews on the details they hold about their customers. Barclays said they had tried to contact Mr B by letter, email, messages, and phone calls to try and resolve the matter.

In January 2023, a further letter was sent to Mr B, on behalf of C, explaining that if he didn't contact Barclays in relation to the account, it would be closed in two months from the date of that letter. Mr B contacted Barclays' CEO again regarding the matter.

Barclays emailed Mr B in early February explaining they had tried to contact him by phone, but the call went unanswered. They asked when a convenient time would be for him to speak with them. This email was sent to Mr B's personal email rather than the business email so he replied saying he couldn't be sure if it was a genuine email.

Barclays sent a follow up email to the business email apologising for their error and asking Mr B to provide a time when it would be convenient for them to talk to him. As Mr B didn't respond, Barclays sent a further letter to Mr B on 9 February 2023.

This letter explained the Know Your Customer (KYC) process in more detail and clarified that at this point in the process they needed to verify C's trading address. The letter said Mr B could provide this information by responding to the KYC Team either by replying to their letters or on the phone number provided.

There were further emails back and forth between both parties. Mr B raised a number of issues including Climate Change, concerns about Barclays previous conduct in relation to banking regulations, ESG activity and he copied his MP into the correspondence. Barclays responded and provided links to the legislation they are required to comply with. They reiterated that if Mr B failed to engage, C's account would be closed.

Mr B remained unhappy, so he brought C's complaint to our service and asked to be compensated for the time he had spent dealing with Barclays' requests.

One of our investigators looked into the matter and said he hadn't found that Barclays had made an error. He thought Barclays approach to the review was fair and reasonable and he was satisfied that Barclays contacted Mr B in his requested method of correspondence to answer the additional questions.

Mr B didn't agree and asked for C's complaint to be reviewed by an Ombudsman, so it was passed to me for a final decision to be made.

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.

Barclays requests for information

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are required to carry out ongoing monitoring of new and existing relationships. That sometimes means – as in this case – that a bank chooses to carry out a KYC review. Those reviews may cause inconvenience to a customer, but that doesn't automatically mean that the bank treated the customer unfairly.

In this case, Mr B is particularly unhappy that Barclays have made reference to the '*Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017, sections 27 & 28*' as part of the correspondence he received from them in relation to a review of C's account. He said that any accusations relating to the named regulation is a serious accusation and may require him to seek legal advice.

From the information available to me, I can see that Barclays was conducting these checks on a large number of accounts held with them and I have seen no indication that C's account was being singled out for a review.

The purpose of these KYC checks is to mitigate the risks associated with financial crime and Barclays' KYC process stems from the requirement in these regulations to ensure customer due diligence is conducted on a regular basis. There are a number of different criteria that can trigger a review and reviewing the accounts of existing customers on a risk-based approach was the reason for the review in this case.

C has held an account with Barclays since 2009, so I don't find it unreasonable that Barclays would carry out a periodic review of the information it holds about C and its director. Details change and not everyone keeps their information up to date, so I don't think this was an unreasonable request from Barclays.

As such, I have no concerns about Barclays' decision to carry out a KYC review of C's account. However, I need to decide whether Barclays treated C fairly, so I need to consider how that review was carried out.

The KYC review process

Barclays contacted C on a number of occasions between November 2022 and February 2023 - both by letter and by phone. They didn't specify in their letters what information was required to complete the checks, and Mr B didn't answer or return their calls. The letters requested that Mr B contact the relevant team by phone to discuss the matter.

I understand that the reason Barclays wanted Mr B to contact them by phone was firstly so they could take them through their security process before asking for information about the business. And secondly, so they could explain in more detail what was required and why.

However, Mr B was adamant that he didn't want to speak to them over the phone, so Barclays explained in their letter of 9 February that they needed to verify C's trading address and they said Mr B could either speak to the relevant team on the phone or respond to their letters in writing.

I don't think it was unreasonable for Barclays' to have wanted to discuss the matter with Mr B on the phone. Barclays told us this is the process they usually follow for these kinds of checks. The lines are recorded so Mr B could've requested the recording at any stage, and a call provided an opportunity for Barclays to answer any queries Mr B had about their request in a timelier manner. However, it was obvious from Mr B's emails to the CEO of the bank dating back to November that he only wanted to communicate in writing, so I've taken this into account.

In February 2023, Barclays agreed to this and although I accept that Barclays could've agreed to accept the information in writing from Mr B sooner to help expedite the review, I don't think it would be fair for me to award compensation for their delay in agreeing to this. I say this as Barclays were stepping outside of their usual process to resolve the matter for C and as the account remained open, I don't think this delay caused any direct financial loss to C.

I understand Mr B would like C to be compensated for the time he has spent dealing with this matter, but I don't agree that this is necessary. Most of the delays were caused by Mr B's unwillingness to engage with Barclays and this matter could've been resolved quickly had he provided the requested information even if this was after Barclays agreed to communicate with him in writing.

So, I won't be asking Barclays to compensate C for the inconvenience Mr B suffered in attempting to resolve the KYC issues, because I don't think Barclays did anything wrong in asking him for the information.

Mr B's concerns about account security

Mr B told both us and Barclays that the main reason he refuses to engage with them over the phone is due to Barclays own warnings about fraud and scams. He's specifically referenced advice provided by Barclays that says:

"While Barclays may contact you from time to time with useful information related to products and services, we will never send you the following:

- Emails containing attachments;
- Emails or texts with links taking you directly to our Online Banking login pages;

- Emails or texts requiring you to reply with personal information such as date of birth, addresses, pin numbers or other security details;
 - Emails containing alleged transaction activity;
 - Emails related to the invoicing of accounts or to confirm sales through retail websites.
- If anyone asks you to share one-time passcodes around transactions, or your devices, or which you have generated from our online banking or mobile banking facilities, they are a fraudster seeking to steal your money, and/or a money launderer seeking to take control of your account for money laundering or other criminality. Never share or disclose codes, under any circumstances whatsoever. This especially includes with individuals purporting to be Barclays staff, Barclays fraud department or other investigators, or the police. If you have done so, please contact our Fraud department using the details on our website.”

Mr B has also said that Barclays have communicated that they will not ask you to call them under scams and fraud awareness campaigns.

Having reviewed Barclays' campaigns alongside the advice above, I have seen that Barclays offer advice on what to do if you receive a call you think is suspicious, but I've not seen any evidence to say they won't ever call their customers.

I therefore can't see how Barclays have contravened this advice in any of the communications they have sent to Mr B or C, so I don't uphold this aspect of the complaint.

In addition, although I can understand Mr B's initial concerns about this contact from Barclays, since then Barclays have written and called Mr B repeatedly and engaged with our service about this matter, so I think Mr B can be assured at this stage that this is not an attempt to fraudulently access C's account.

Threat of restrictions and account closure

I know Mr B was unhappy with Barclays placing restrictions on C's account and with the warning messages from Barclays that C's account would be closed if their request was not complied with. Although I understand why Mr B may have felt threatened by these letters, I don't think it was unreasonable for Barclays to have sent them, nor do I think it was unreasonable for Barclays to restrict the account. I say this as Barclays were following their internal process and I can't see that Mr B provided the requested information even after the information was requested in writing.

Furthermore, it is not in Barclays' interests to close their customer's accounts. They are bound by their legal and regulatory obligations and if their customers don't engage in the process and provide the requested information, Barclays are left with no choice but to close the accounts. So, I don't think it was unreasonable for Barclays to tell Mr B that C's account would be closed if he didn't comply with their request for information.

Email correspondence

Barclays did make an error by sending an email to Mr B's personal account rather than to the business' email account. They apologised for their error, and it didn't reoccur, so I won't be asking them to do anything further in this respect.

Moving forward

If Mr B would like C's account to remain open, then he must engage with Barclays and provide the information they require to complete the KYC process in the timeframe they stipulate.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B, on behalf of C, to accept or reject my decision before 9 April 2024.

Tara Richardson
Ombudsman