

## The complaint

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

The complaint is brought on V's behalf by its director, Mrs S.

## What happened

V held a business account with Barclays.

Mrs S told us:

- Barclays had unfairly closed V's account without notice. She was only made aware of this action two weeks after it had happened. As a result of the closure, V's regular payments had been missed, including its Bounce Back Loan repayment, which would affect its credit file.
- She hadn't received any of the letters Barclays said it had sent, and she wasn't persuaded they'd been sent as there was no evidence of this. V had held an account with the bank for a significant period and she had always responded to any requests.
- Even when Barclays had reinstated V's account, it hadn't told her that she needed to reinstate all its regular payments. And therefore, the bank hadn't in fact reinstated the account to what it had been. Mrs S also had to change the payment instructions for these to come from her personal account to ensure they were paid.
- Barclays service had been poor throughout. It had numerous ways to contact V or herself about the KYC information it needed but hadn't done so. The bank had also sent V incorrect forms which said they needed a mandate form signed by more than one director, when there was only one.
- Barclays had issued a cheque made payable to V that it knew couldn't be cashed, despite asking it to make the cheque payable to her. It also hadn't called her back as agreed.

Barclays told us:

- It undertaken a 'Know Your Customer' ('KYC') review of V's account in early 2022 and had requested information from the company via their online banking, letter, and email requesting information. However, this hadn't been received.
- It had sent V a 'Notice to Close' ('NTC') letter in September giving it sixty days to provide the information. The information hadn't been received, so it had closed V's account in line with its regulatory obligations.
- It had cancelled the regular payments from V's account as its account was closed. It

was the account holder's responsibility to ensure any payments were made, so the Bounce Back Loan repayments hadn't been made – and any reporting to the credit reference agencies about this was accurate.

- It had issued a cheque to V for the account balance in line with its agreed process. However, it acknowledged that Mrs S had asked for the cheque to be in her name, which it was able to do, and that it hadn't done as requested. It also accepted that it hadn't called Mrs S back as agreed, so it had apologised and paid her £100 compensation for the inconvenience paid.

Our investigator didn't recommend the complaint be upheld. He said that Barclays had regulatory obligations that it needed to meet, and it was able to restrict or close an account if this information wasn't provided. He was satisfied that Barclays had requested information from V via online banking and in writing and that it had been clear about the consequences of not providing the requested information.

The investigator also said that Barclays had issued a NTC letter in September 2022, and followed this up by email in February 2023. However, when it didn't receive a response, it was reasonable for the bank to close V's account. So, he didn't think Barclays was responsible for V's missed payments. He also noted that once Barclays had received the information from V, their account had been reopened and online access had been restored. So, he thought the £100 compensation paid by Barclays for sending the cheque incorrectly and not returning Mrs S's call was fair.

Mrs S didn't agree and asked for an ombudsman to review V's complaint. She said she'd repeatedly told Barclays that V only had one director, so the mandate KYC letters were incorrect. She also said that she had been without access to V's account for six months, so £100 compensation wasn't fair.

### **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.

I acknowledge Mrs S feels strongly about what's happened, but I'm sorry to disappoint her as there's not much more that I can add to what our investigator has already said.

I've reviewed the evidence from both parties to see if I think Barclays has treated V unfairly here, but I don't think it has. Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. Even if a customer has had a relationship with the bank for many years, Barclays' may need to check from time to time that the information it holds for its customer is correct. It's a commercial decision which Barclays is able to make on how often it undertakes these checks and what information (within reason) it requests to demonstrate it has sufficient knowledge of its customers. In this case, as V didn't provide the information Barclays requested, I think it was reasonable for the bank to close the company's account.

I recognise that Mrs S says she wasn't aware there was any KYC information outstanding for V or she would have provided it. And that she doesn't agree that Barclays sent the correspondence that it said. But I'm not persuaded that's the case here. As a service we don't have copies of the exact letters that were sent by Barclays, due to its process. But I have seen generic copies of the letters that were sent, and I've also seen the bank's audit case notes which show when the letters were sent and that they were sent to V's address. So, on the balance of probability, I'm satisfied that's enough.

However, even if I accept that Barclays didn't send any of the letters it says were issued, it has also shown evidence of the online banking banners and email sent to V about their account, which was sent to the details held on file by the bank. The latter of which was sent to the same email address which this service was given by V. So, I'm satisfied that Barclays did attempt to contact V before it closed the account.

Mrs S says that V was caused inconvenience as the bank issued a cheque in the company's name, rather than her own, despite her request not to do so. And that Barclays didn't return her calls as requested. She's also unhappy that V has incurred costs for her accountant to complete the forms the bank has requested, and to send the forms back by recorded delivery. I'm sorry to further disappoint Mrs S here, but I can't fairly award V compensation for the accountant costs or postage, as the company would always have needed to complete and return this information to the bank for it to keep the account open. It was also Mrs S's choice to return the letters and forms using a secure postage method – which I can't hold the bank accountable for. And whilst I recognise that the cheque was issued in V's name rather than Mrs S's, I can see that the bank has apologised for this and paid £100 compensation which I think is enough to put right this part of the complaint.

Mrs S told us that she'd been caused distress and inconvenience due to Barclays actions. But this complaint has been brought on V's behalf, so V is the eligible complainant. This means that I can't look at any distress or inconvenience caused to her as a director in a personal capacity. Furthermore, limited companies like V, as corporate bodies rather than individuals, are not capable of suffering distress, which means I can only look at the inconvenience caused to V by Barclays' actions.

I don't dispute that there's been an impact to V, and Mrs S as its director here. However, as I don't think that Barclays did anything wrong in asking V to provide information and then closing the company's account, it follows that I can't award compensation for the impact caused to V as a result of this. And given all the circumstances of the complaint, I'm satisfied that Barclays has done enough to put things right. So, I won't be asking it to do anything more.

### **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 V to accept or reject my decision before 8 April 2024.

Jenny Lomax  
**Ombudsman**