

The complaint

The trustees of a pension scheme, which I will refer to as T or simply 'the trust', complain that Barclays Bank UK Plc wrongly closed the trust's account then failed to send them the trust's money.

(I understand that the trust has three trustees – two individuals, and a corporate trustee which is part of a larger group. The individual trustees are represented by the trust's accountant, but for ease of reading I will attribute all comments made on the trustees' behalf to the trustees.)

What happened

The trustees told us:

- Barclays apparently sent a Know Your Customer (KYC) request to the address it had on file – which was the corporate trustee's old address, despite the fact Barclays had been told multiple times that the corporate trustee had moved in 2018.
- Barclays sent a reminder on 11 October 2022. The trustees replied on 18 October 2022 pointing out that Barclays was still using the old address, and asking it to update the address.
- Barclays sent a further letter on 6 January 2023, again to the wrong address. The trustees replied on 17 January 2023, again requesting that Barclays update the corporate trustee's address.
- The trustees didn't hear anything further until 7 July 2023, when the trust's account was closed. Barclays says it sent a cheque for the closing balance – but it sent that cheque to the corporate trustee's old address, and it was never received.
- They made further requests in August and September 2023 for Barclays to pay out the trust's money, but they didn't receive the funds until later December 2023.
- To resolve the complaint, they would like Barclays to refund the VAT interest and penalties they suffered. They would also like compensation at £70 per hour for their time in dealing with this matter.

Barclays told us:

- It is satisfied that it did not make any errors in respect of its KYC review of the trust's account. It sent an initial request for information to the address it had on file for the corporate trustee, then a reminder, and finally a Notice to Close (NTC) on 6 January 2023. It did not receive the information it needed, so it closed the trust's account on 7 July 2023.
- It accepts that a copy of the NTC it issued on 6 January 2023 was returned to it later

that month along with a request to amend the address it had on its records for the trust. However, it could not act on that request, because the entity that made the request did not have any authority over the trust's account.

- It sent a cheque for the closing balance of the account to the address it had on file (which the trustees now say was the wrong address) shortly after it closed the account. It later put a stop on that cheque at the trustee's request
- It subsequently received requests to reissue the cheque to an alternative address, or to pay the money by BACS to an alternative account. However, it didn't receive a request it could act upon until December 2023. The earlier requests were either from people who had no authority to act on the trust's account, or were not signed in accordance with the mandate.

One of our investigators looked at this complaint, but he did not uphold it. Briefly, he said he hadn't seen evidence that persuaded him that the trustees had asked Barclays to change the address that it had on file for the trust. Barclays had therefore correctly written to the address it had on file. Barclays did not receive the information it had requested, and so it was entitled to close the trust's account. In addition, he said that it was reasonable for Barclays to refuse to transfer the closing balance of the account by BACS until it had received instructions signed in accordance with the mandate.

Barclays accepted our investigator's opinion, but the trustees did not. They said they had told Barclays many times that the corporate trustees' address had changed, but Barclays ignored them. Whilst the bank eventually (in December 2023) returned the money that it had misappropriated, it has not refunded the costs the trustees incurred in dealing with this matter.

My provisional decision

I issued a provisional decision on this complaint in August 2024. I said:

"[M]y provisional conclusions are:

- Barclays acted fairly when it closed the trust's bank account.
- However, Barclays should have updated its records to show the corporate trustee's new address shortly after 26 July 2023 at the latest – and after that date it should not have continued to write to the corporate trustee's old address.
- In addition, Barclays should have done more to help the trustees after the account was closed – and the trustees should have received the balance of the closed account approximately three months earlier than they actually did.
- Barclays should pay the trustees £375 in respect of financial loss, and £150 to apologise for the inconvenience that it caused.

I give more details about my findings below.

Events before the account closure

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. They are also 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.

In principle, I have no concerns about Barclays' decision to carry out a KYC review of T's account. That means that in order to decide whether Barclays treated the trust fairly, I must consider how that review was carried out.

Having considered all of the evidence available to me, I am satisfied that Barclays initially wrote to the trustees, at the address it had on its file, in April 2022 seeking information about the trust. I am also satisfied that it sent a reminder in May 2022, then a reminder in October 2022. Barclays did not receive the information it had asked for, and so it issued a NTC in January 2023.

I am aware that there is a dispute about whether Barclays should have updated the address that it had on its file. So far as the closure of the account is concerned, I don't think that dispute is material – because it is clear from the evidence that the corporate trustee did in fact receive both the 11 October 2022 reminder letter and the 6 January NTC. Regardless of whether the corporate trustee received those letters via Royal Mail redirection or via any other method, the letters were received. The trustees therefore knew that Barclays wanted further information from them, but they did not telephone Barclays as the bank had requested. In the circumstances I consider that the bank was entitled to close the trust's account.

The corporate trustee's change of address

Barclays says it did not receive any notification at all of the corporate trustee's change of address until January 2023 – and I have not seen anything that persuades me that the bank did have earlier knowledge that the trustee had moved. Barclays accepts that it received the 17 January 2023 letter that the trustees mention, but it says that it was not authorised to take instructions from the author of that letter.

Technically, Barclays is correct to say that the 17 January 2023 letter did not come from the trustees. It was not on the headed notepaper of either the trust or the professional trustee. However, it was on the headed notepaper of the corporate trustee's parent company (with whom the corporate trustee shares an address). I think Barclays was correct to decide not to act on change of address instruction from a third party – no matter how closely that third party was related to the corporate trustee – but it would have been helpful if it had explained to the trustees that it could not take the parent company's instructions.

Barclays has provided me with a copy of the corporate trustee's letter of 26 July 2023, and I am therefore satisfied that the bank did receive that letter. It was on the headed notepaper of the corporate trustee's parent company, but it was signed on behalf of the corporate trustee – and included an extract from the minutes of a meeting of the corporate trustee's directors. The letter asked Barclays to change the address it had on file for the corporate trustee's parent company, but did not explicitly ask Barclays to change the address of the corporate trustee.

I think Barclays could have done more on receipt of the corporate trustee's 26 July 2023 letter. I could understand some initial confusion on Barclays' part about whether the instructions it contained came from the corporate trustee or from the corporate trustee's parent company. But if Barclays had considered the letter and its enclosure as a whole, I think it would have been obvious that the letter had been sent either by or on behalf of the corporate trustee, and that the corporate trustee had moved. If Barclays had then checked Companies House's website, it would have seen that the

registered address of the corporate trustee had changed in 2018 – and that the new address given at Companies House was the same as the new address provided in the corporate trustee’s 26 July 2023 letter.

I accept that Barclays was not obligated to check Companies House’s website on receipt of the corporate trustee’s 26 July 2023 letter, or to do any other investigation. But in the circumstances – and bearing in mind that Barclays had already received the 17 January 2023 letter from the corporate trustee’s parent company – I don’t think it was reasonable for Barclays to continue to send letters to the corporate trustee’s old address.

Events after the account closure

The trust’s account was closed in early July 2023, but the trustees did not receive the closing balance until late December 2023. A delay of nearly six months implies that something must have gone wrong – but it does not necessarily imply that it was Barclays that was at fault.

I do not criticise Barclays for its initial decision to send a cheque for the closing balance of the trust’s account to the trustees at the address it had on its file. That is Barclays’ normal process, and as I’ve said I have not seen evidence to persuade me that Barclays had received a change of address request from the trustees (rather than from the corporate trustee’s parent company) at that point. It’s not clear why the trustees didn’t receive the cheque, given that most if not all of the other letters Barclays sent to the old address were redirected by Royal Mail.

I have gone on to consider what happened after the cheque was issued. I’m not sure that I have copies of all the correspondence the parties exchanged between the date the account closed and the date Barclays paid the closing balance over to the trustees. But the correspondence I have seen suggests that there was considerable confusion on the part of both the trustees and Barclays.

I can see that a number of people associated with the trust – some but not all of whom had authority to deal with the trust’s bank account – appear to have contacted Barclays to give conflicting instructions. For example:

- As I’ve mentioned above, the corporate trustee wrote to Barclays on 26 July 2023 requesting that a cheque be reissued and sent to their new address (but that instruction was not signed in accordance with the mandate for the trust’s bank account; it was signed on behalf of the corporate trustee only and not by either of the member trustees).
- One of the member trustees wrote to Barclays on 14 August 2023 requesting that the balance be sent to the trust’s accountant’s client account by BACS (but he did so without identifying himself as a member trustee, and using the headed notepaper of another company he is associated with rather than the trust’s notepaper). Barclays appears to have assumed he was acting for the other company. I acknowledge that Barclays could not have accepted instructions from just one of the member trustees, but I think it would have been good practice for Barclays to have replied to the member trustee directly to explain what it needed.
- The trust’s accountant rang Barclays on 17 August 2023, but it could not take any instructions from her because she did not have any authority on the account.

- All three of the trustees – both member trustees plus the corporate trustee – wrote to Barclays on or shortly after 19 September 2023 asking it to send a cheque for the closing balance to the corporate trustee’s new address. I am not clear as to why Barclays did not accept this instruction, but it may be that it did not reach the relevant department at Barclays.
- All three of the trustees wrote to Barclays on or shortly after 15 December 2023 asking for the balance to be transferred to an account with another bank (this bank account was not the client account mentioned in the member trustee’s letter of 14 August 2023). I understand that Barclays complied with that request, and the trust’s money was safely received by the trustees.

I can also see that there appears to have been some confusion on Barclays’ part over the same period:

- Barclays wrote to T on 12 September 2023 – at the corporate trustees’ old address – to say “we have been unable to complete your request [to transfer the closing balance of your business account] at this time as your business is recorded as a Partnership. In order to initiate a payment, we require a written instruction signed by all partners of the account”. I believe this may have been a response to the member trustee’s letter of 14 August 2023, but I see no reason why Barclays could not have responded directly to the member trustee (and in any event I don’t think Barclays should have written to the corporate trustee’s old address). In addition, I think it is unlikely that Barclays ever believed that the two member trustees were in partnership with the corporate trustee – and so I think it is likely that the bank’s reference to all the “partners” was an error.
- Barclays wrote to T on 25 October 2023 – again to the corporate trustees’ old address – and said “We write in reference to a request we received on 13/09/2023 to transfer the closing balance of your business account [redacted]. Unfortunately we have been unable to complete your request at this time. In order to initiate a payment, we require a written instruction signed by two member trustees and one corporate trustee”. I am not sure which request this letter relates to; Barclays cannot have received a letter the trustees’ signed on 19 September 2023 on 13 September 2023 (unless of course the trustees entered an incorrect date in error).
- Barclays’ internal notes show that the reason it took more than a month to reply to the request it received on 13 September 2023 was that the request “has been passed around various teams as there were problems matching up the officials/trustees and issues with the mandate”.

Putting things right

Overall, I think both parties’ actions contributed to the delay in the trustees receiving the closing balance of the account. If everything had happened as it should, I think Barclays would have written to the corporate trustee’s new address shortly after 26 July 2023 and explained what it needed, and the trustees would then have provided instructions properly authorised by the corporate trustee and both member trustees. But given the circumstances here, I don’t think it would be fair for me to hold Barclays entirely responsible for the delays.

Based on the available evidence, I think it would be fair for me to assume that if Barclays had made no errors, the trustees would have received the closing balance of the account shortly after they submitted their 19 September 2023 instructions. I am not clear on whether that instruction ever reached the correct department at Barclays (or indeed any part of Barclays), but it is clear that Barclays did receive something from the trustees in mid-September 2023. I think that if Barclays had sent a clear explanation of what it needed – to the correct address – shortly after 26 July 2023, then it is more likely than not that the trustees' 19 September 2023 instructions would have been properly signed and sent to the correct address.

So far as financial loss is concerned, I think Barclays should compensate the trustees for preventing them from accessing the trust's funds between late September 2023 and late December 2023. The balance of the account was just under £18,700, and interest on that amount over that period at a rate of 8% per year simple is approximately £375. Subject to any further evidence or arguments that I might receive, I consider that £375 represents fair compensation for any financial loss the trustees may have suffered as a result of Barclays' errors.

I am aware that the trustees have suggested that they have suffered VAT penalties as a result of Barclays' errors, but so far as I am aware the trust is not VAT registered – and I cannot see how anything Barclays could have done could have caused the trustees to suffer VAT penalties. I can imagine that lack of access to the trust's capital might have caused difficulties for third parties – for example the sponsoring employer – but I cannot make an award in respect of losses suffered by third parties. If the trustees are able to provide evidence to show that the VAT penalties were suffered by T, then I will reconsider this aspect of my findings.

I have also considered the issue of inconvenience. We publish information about our approach to awards for inconvenience on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

I want to stress that any award I make here will be for the inconvenience caused by Barclays' errors only. I will not make an award for the inconvenience the trustees suffered because T's account was closed, because I don't think Barclays was wrong to close the account.

In this case, I think Barclays' failures meant that the trustees had to send instructions to Barclays at least once more than they would otherwise have done, and they were also inconvenienced by Barclays' failure to change its records for the corporate trustee's address after 26 July 2023. Taking our guidance into account, and applying my own judgement, I consider that a payment of £150 would be fair to apologise for that inconvenience."

The trustees provided additional evidence about the VAT, and asked me to order Barclays to pay £609.19 in respect of VAT penalties and £190.03 in interest. After considering that evidence, our investigator explained to both parties that I was intending to increase my award by £80 (to make a total of £605). I said that the VAT evidence the trustees had provided suggested that HMRC had applied penalties and interest to cover most of 2023, and not just the period from late September to late September that I thought Barclays was responsible for. I thought £80 represented fair compensation for the VAT penalties caused by Barclays' delays. Barclays accepted my revised proposal.

The trustees also said that Barclays had confirmed that it had not in fact sent a cheque after all. Barclays said it believed the trustees were referring to a 23 August 2023 call, in which the call handler said that nothing had been issued after 15 August 2023. The bank said the

call handler was not referring to the original cheque, which was sent and then had a stop placed on it.

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 remain satisfied Barclays should have updated its records to show the corporate trustee's new address shortly after 26 July 2023 at the latest – and after that date it should not have continued to write to the corporate trustee's old address. In addition, I still consider that if Barclays had done what it should have done after the account was closed, Barclays the trustees would have received the balance of the closed account approximately three months earlier than they actually did. My reasons for those findings are as set out in my provisional decision.

On balance, I think it is likely that Barclays did send a cheque for the closing balance of the account (albeit to the wrong address). I don't know why that cheque didn't reach the trustees, bearing in mind the mail forwarding arrangements in place. But I don't think it would be fair for me to award any additional compensation for the confusion surrounding that cheque.

Putting things right

After considering all the available evidence, I consider that Barclays should pay the trustees a total of £605 - £375 for financial loss excluding VAT penalties, £80 for VAT penalties, and £150 for inconvenience.

My final decision

My final decision is that Barclays Bank UK Plc must pay the trustees £605.

Under the rules of the Financial Ombudsman Service, I'm required to ask T's trustees to accept or reject my decision before 30 September 2024.

Laura Colman
Ombudsman