

The complaint

A company, which I will refer to as G, complains that Barclays Bank Plc wrongly closed its merchant acquiring account – leaving it unable to take payments by plastic card.

What happened

G's representative told us:

- G's card machine account was closed on 1 November 2023. He called Barclays as soon as he realised there was a problem, but it was more than two hours before he could speak to anyone. Barclays asked him for information, which he provided by email.
- On 6 November 2023 he called to chase Barclays, and after another long wait to be connected he was told that Barclays needed information from G's accountant. The accountant provided that information on the same day.
- Over the following few days, G called Barclays at least twice a day for an update. The customer service staff were unable to help, and simply said the matter was with a back office team – without giving any estimate of when the issue might be resolved.
- The account was finally reopened, but even then it wasn't until he called Barclays on 15 November 2023 that he found out the card machine had been reactivated – Barclays did not call or write to G to confirm the reopening.
- To resolve the complaint, he would like a realistic compensation package for time, costs, stress and inconvenience.

Barclays told us:

- In order to meet its legal and regulatory obligations, it is required to regularly contact all of its merchants to ensure that the information it holds for the merchants' is up to date. This process is called a Know Your Customer (KYC) review.
- It sent written notices to G in June, July and August 2023, and also sent an email in September 2023. It did not receive the information it requested, so it closed G's account on 31 October 2023 in line with its KYC policy.
- It received the information it required on 6 November 2023, and reactivated G's account on 15 November 2023.
- It acknowledged that G's director had to wait a very long time in the queue to speak to its customer services staff. As a gesture of goodwill, it credited £100 to G's account in recognition of the poor service it had provided.

One of our investigators looked at this complaint. At first, she said she wasn't persuaded that Barclays had properly informed G that it intended to close G's account if relevant information was not provided. Barclays later submitted further evidence, and in light of that evidence she accepted that the bank had sent G a Notice To Close (NTC) letter on 13 August 2023.

However, our investigator also said that the bank's notes said G contacted Barclays on 25 August 2023 in an attempt to provide the information the bank needed. She accepted that the bank needed more than G initially provided, but in the circumstances she didn't think Barclays should have gone ahead with closing the account. Ultimately, she recommended that Barclays pay G another £400 (in addition to the £100 the bank had already paid).

G's representatives accepted her recommendations, but the bank did not. The complaint was therefore referred to me for a final decision.

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 agree with our investigator that an additional payment of £400 does represent a fair resolution to this complaint. I give more details about my findings below.

I'm aware that there is a dispute about whether Barclays actually sent the letters that it says it sent to G between June and August 2023. On balance, I think it is likely that the letters, including the NTCs, were indeed sent. However, I also agree with our investigator that in this particular case the dispute about the letters is not material. Regardless of whether Barclays did or did not send an NTC letter to G on 13 August 2023, Barclays says that letter told G that it would close G's account "unless we hear from you". Barclays did indeed hear from G shortly after 13 August 2023; its own records say that it "rec'd email from mn [merchant] with info" on 25 August 2023. So, whether or not Barclays sent the 13 August 2023 NTC, I don't think it was fair for Barclays to rely on that notice when it closed the account at the end of October 2023.

There is also a dispute about the email address Barclays used to write to G in September 2023 to ask for further information. Barclays says that address was correct, and was the address on its system between 19 June 2004 and 16 November 2023. That does not explain why Barclays used a different email address to write to G on 24 August 2023. I can see that G responded to Barclays' 24 August 2023 email the following day. But again, regardless of which email address Barclays should have used, I don't think Barclays should have closed G's account at the end of October 2023.

Overall, I don't think Barclays gave adequate notice that it intended to close G's account – and so it should not have done so.

Putting things right

It's clear that G's director tried hard to find ways to minimise the financial losses G suffered because of Barclays' actions. G was still able to accept cash and cheques during the period its Barclays account was closed. G's directors also downloaded software to his mobile phone to allow G to take some card payments. In addition, some of G's sales appear to have been delayed rather than missed entirely; our investigator noted that on the day G's Barclays account was reopened G's card takings were very significantly higher than usual.

I cannot make an award for the distress suffered by G's director, because he is not the complainant here (technically, Barclays' customer was G rather than G's director as an

individual). Corporate bodies like G are not capable of suffering emotions, and cannot be distressed. However, considering the actions G's director took in an attempt to minimise losses, I consider that G suffered significant inconvenience as a result of Barclay's error in closing G's account without adequate notice.

We publish information on our website about our approach to compensation for inconvenience; it is available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> . In this case, I think Barclays' error in closing G's account without giving adequate notice had a serious short term impact. Taking into account all the evidence available to me, and applying my own judgement, I consider that a total payment of £500 would be fair. Barclays has already paid £100, so it should pay a further £400 to settle this complaint.

My final decision

My final decision is that I uphold this complaint. I order Barclays Bank Plc to pay G a further £400.

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

Laura Colman
Ombudsman