

The complaint

A company, which I will refer to as D, complains that Barclays Bank UK Plc wrongly closed its account.

What happened

D's director told us:

- She was aware that Barclays was carrying out a Know Your Customer (KYC) review of D's account, but she complied with that review in full – providing information on three separate occasions during the summer of 2023.
- Barclays then closed D's account without warning in September 2023. She discovered the closure when her mobile banking app showed that D had zero funds, and her first thought was that somebody had hacked into D's account and stolen all of her money. She found out what had actually happened by visiting her local Barclays branch.
- The bank sent her a cheque for the closing balance, but D did not have another account for it to be paid into. She didn't attempt to open a new account elsewhere immediately, because Barclays told her that it would reopen the account that it had closed. However, Barclays didn't do anything – and ultimately she had to open an account with a new provider. D was without a bank account for over a month, at one of the busiest times of the year in D's industry.
- Barclays' error meant that she could not pay all of D's bills on time using cash. D incurred a late payment fee of £45 from a utility provider, and also had to exchange an asset (at an unfavourable price) in order to settle an invoice from a supplier.
- D also made a loss because it could not buy raw materials in early October 2023, and had to buy them later – by which point the price of the raw materials had increased.
- She suffered ill health as a result of the stress Barclays caused, and D lost business because of the time she spent trying to resolve the problem.

Barclays told us:

- It accepts that it was wrong to close D's account. It also accepts that it made errors when attempting to reopen the account, and the reopening took longer than it should have done – meaning that D's director eventually opened an account with another provider instead.
- It initially offered to pay D £200 to apologise for the inconvenience caused, but after reviewing the information D's director submitted to the Financial Ombudsman Service it increased that offer to £450. It also said that it would consider any evidence D had

in respect of late payment fees or any other costs.

One of our investigators then looked at this complaint. After exchanging correspondence with both parties – and receiving further evidence from them – he recommended that Barclays pay D:

- £45 in respect of a late payment charge from a utility provider; plus
- Interest at 8% per year simple on the closing balance of D's account, calculated from the date of the account closure to the date the funds were transferred to D's new account; plus
- £450 to apologise for the inconvenience the bank caused to D.

He did not recommend an award in respect of the assets/raw materials that D bought and sold. He acknowledged that D's director had said she would have waited for more favourable prices but for Barclays' error, but he didn't think she had provided sufficient evidence to demonstrate that Barclays had caused D to suffer a loss in respect of that issue.

He also explained that that the Financial Ombudsman Service cannot make an award for the distress suffered by D's director. The complainant here is D, a limited company, and limited companies are not capable of suffering distress. We cannot make awards in respect of loss or harm suffered by anyone other than the complainant.

Barclays accepted our investigator's recommendations, but D's director did not. The complaint was therefore referred to me.

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, whilst I am sorry to disappoint D's director I have come to the same conclusions as our investigator for broadly the same reasons. I give further explanation below.

In this case, there is no need for me to decide whether Barclays made an error; it accepts that it did. The dispute is about the compensation the bank should pay for its mistake.

I don't underestimate the distress this issue caused to D's director as an individual. She has spoken eloquently about her health difficulties, and I thank her for her openness with us. But our investigator was right to say that we simply do not have the power to make an award in respect of the impact of Barclays' error on the director. We can only make an award to the complainant company, D – and it is not possible for corporate bodies like D to suffer from distress or ill health.

Limited companies can however suffer financial loss, and they can also experience inconvenience. I have considered both of those issues.

Putting things right

Everyone accepts that it is fair for Barclays to pay £45 for the utility provider's late payment charge. I agree, so I will make no further comments about that charge. Similarly, everyone agrees that Barclays should pay interest at 8% simple on the closing balance of the account for the period D did not have access to its money. The dispute is now about whether D

should receive any additional compensation for having to buy and sell assets at an unfavourable price.

I am sorry to further disappoint D's director, but after carefully considering everything she has said there is simply not enough evidence to persuade me that Barclays' error caused D to suffer a loss with respect to the buying or selling of assets/raw materials. I acknowledge that the director says she wanted to wait for a more favourable time to both buy and sell assets, but I don't have the evidence to be able to conclude that D would now be better off but for the bank's error. Put another way, I have not seen sufficient evidence to be satisfied that D would have bought or sold the assets at a more favourable price if Barclays had not made any mistakes.

Turning now to the issue of inconvenience, it is obvious that it would be inconvenient for a company to suddenly have its bank account closed without any notice. In this particular case, Barclays then failed to reopen D's account as promised, and it was put to the further inconvenience of having to open an account elsewhere and provide new banking details to its contacts.

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> . Taking that guidance into account, and applying my own judgement, I consider that a payment of £450 for inconvenience is fair in this case.

My final decision

My final decision is that Barclays Bank UK Plc must pay D:

- £45 in respect of a late payment charge from a utility provider; plus
- Interest at 8% per year simple on the closing balance of D's account, calculated from the date of the account closure to the date the funds were transferred to D's new account; plus
- £450 to apologise for the inconvenience the bank caused to D.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 2 October 2024.

Laura Colman
Ombudsman