

The complaint

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

The complaint is brought on C's behalf by one of their directors, Mr T.

What happened

C held a business account with Barclays.

C told us:

- Barclays closed their business account without notice. They only realised there was an issue when their suppliers contacted them.
- Barclays said it had closed their account because they hadn't provided some information it wanted – but this had been provided through their online banking on several occasions. The bank could have also got the information it wanted from Companies House.
- Barclays didn't give them a reasonable way to discuss its information request, only a phone line that it was difficult to get through to. And when they did get through, they never received the call back from the team as agreed.
- Barclays had held onto their account balance since the account had been closed and refused to discuss how this could be returned – only to say that a cheque had been sent. It wanted a signed letter from the directors for this to be done as an account transfer, which was unreasonable.
- They believed the issue had arisen because Barclays hadn't removed a previous director from their mandate in 2020 after he'd resigned. They felt they'd been put in this position due to the bank's poor record keeping.
- Barclays had caused them inconvenience and damage to their reputation, so they wanted the bank to pay compensation.

Barclays told us:

- It sent C some 'Know Your Customer' ('KYC') forms to complete on 27 June 2022. The forms were returned by C, however it needed further information, so it had requested this from the company.
- It didn't receive a response to its information requests, and therefore wasn't able to meet its legal and regulatory obligations. So, it made the decision to close C's account on 26 July 2023.

- It had sent C reminders both electronically and via post but still not received a response to its requests, and therefore it issued a notice to close ('NTC') letter on 7 July 2023. So, it didn't think it had done anything wrong.
- It recognised that C said they hadn't been able to get through to the KYC team due to long delays. However, there was also a call back facility in place which the company could have used.

Our investigator didn't recommend the complaint be upheld. He said that Barclays had legal and regulatory obligations that it needed to meet and when the requested information hadn't been received from C it was reasonable for the bank to restrict access to the company's account. He was satisfied that Barclays had written to C to make them aware of what would happen and given instructions on how this could be provided to the bank. He acknowledged that C believed Barclays should have made more attempts to contact them, however he was satisfied the bank had followed its process – so he didn't think it had done anything wrong.

C didn't agree with the investigator's opinion and asked for an ombudsman to review their complaint. They said they didn't think Barclays' process was fair as the bank hadn't recorded information correctly, hadn't provided sufficient contact methods to provide information, and hadn't notified them that their account was closing and how they could get their money after this had happened.

I issued a provisional decision on 1 July 2024. I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I can see that in response to our investigator's opinion, Mr T said that Barclays hadn't recorded C's information correctly and had sent information to non-signatories. I haven't seen any evidence that this complaint has been raised with the bank and that it has been given the opportunity to respond, therefore I haven't commented on this within the decision. C would need to raise this complaint with Barclays first, and if they remain unhappy with the bank's response, they may be able to bring this to our service for review.

C says that Barclays has behaved unreasonably towards them as it didn't give them notice of the account closure or provide a dedicated contact for them so they could supply the information the bank requested. But I'm not persuaded the bank didn't give C any notice of the account closure, or provide a means for the company to provide the outstanding information.

Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. Therefore, Barclays may need to check from time to time that the information it holds for its customer is correct. It is a commercial decision which Barclays is able to make on how often it undertakes these checks, what information (within reason) it needs to comply with its obligations, and how it communicates with its customers. And if the bank doesn't receive the information it needs, it is entitled to take actions with regards to those customers.

In this case, I can see that Barclays initially requested information from C in June 2022, and by July 2022, the bank had let C know that it had received the forms they had provided, but it needed further information from them to complete its KYC checks. However, this information wasn't received as requested and I can see that Barclays contacted C in October 2022, then again, in January and February 2023 to chase the outstanding information.

The bank explained that C was restricted from applying for new products with it until the information was provided, and that the company needed to call on a dedicated number to provide this information. C has told us that it tried to contact Barclays about this, so I'm satisfied that the company knew the bank needed information and that there were consequences if the information was not received as requested.

C told us that they repeatedly called Barclays but couldn't get through, and that they didn't get the returned calls that they requested. They feel that Barclays should've provided a better way for them to contact it. However, whilst I recognise C's frustration about the call wait times for them to be able to speak to the bank, Barclays did provide a dedicated team for the information to be provided to and I've seen that there is the option for customers to receive a call back due to high call volumes. Furthermore, Barclays has provided evidence of the times that C contacted it to provide information, and evidence that the call back they requested did take place so I can't say that Barclays has acted unreasonably here.

C told us that Barclays behaved unfairly because it didn't give them any notice of its intention to close their account – but I don't agree. I've seen evidence that Barclays sent C a letter on 1 June 2023 to say that it still hadn't received the information it needed from the company, and if there was no response, further restrictions would be applied in 30 days including their cards and online banking not working.

Barclays then followed this with an 'in app' message and text message to C on 21 June 2023 saying that it needed more information and reiterating that if the outstanding information wasn't received by 5 July, C's debit cards wouldn't work, and that their account would be closed on 15 July. I've also seen that a text message was sent to C on the same day asking them to contact the bank. I understand that Mr T says he didn't receive this, however all of these reminders appear to have been sent to C's other director registered on Companies House.

Barclays said it sent C a NTC letter on 7 July saying that the account would be closed on 26 July if it didn't receive any contact from them. However, the bank hasn't been able to provide a copy of this letter or any proof that it was sent. Therefore, I can't fairly say that Barclays made C fully aware of its intention to close the account – as it had only done so via the app. Furthermore, even if the bank had sent C the NTC letter, I don't think the timeframe given for it to take this action was fair. I say this because, Barclays only gave C fifteen days' notice of the account closure when the account terms and conditions say that the bank will give at least two months' notice, unless there are reasonable grounds for it to do so sooner. I have asked Barclays for its justification for the shorter timescale, and it hasn't been able to provide reasonable grounds for its decision. So, I don't think it has acted fairly here.

Nevertheless, based on the evidence that I've seen I'm not intending to award compensation for Barclays error. I say this because I'm not persuaded that even if C had been given 60 days' notice that this would have made a difference. I've looked at all the other information requests and notifications which were sent by Barclays, and given the lack of contact from C to the bank's postal and electronic reminders over the twelve-month period, I don't think an additional 45 days would have made a difference. But, if C can show that the longer notice period for the account closure would have made a difference, then I will consider this accordingly.

I do want to acknowledge that Mr T says that he didn't receive any reminders from the bank. However, I've seen that the bank made contact through the details provided to it by C, which appear to be those of C's other director. So, I can't fairly

hold Barclays responsible if the contact preference for C was incorrect and the messages weren't received by him.

I acknowledge C also believes Barclays behaved unfairly when holding on to the balance of their account after the account closure and because it didn't say what would happen next. However, I think it's reasonable that Barclays would issue a cheque to C as it wouldn't know where the company wanted those funds credited to. I've also seen evidence that C's account was closed on 26 July, and a cheque was issued to the company on 17 August 2023 – roughly two working weeks - I think this is a reasonable timescale. Barclays has also told us that it spoke to Mr T on the same date and advised him that a cheque was to be issued, and he requested an account transfer instead, which it then actioned. So, I don't think Barclays has acted unreasonably here.

I'm sorry to disappoint Mr T as I know he feels strongly about C's complaint. However, in principle, I think that Barclays was entitled to close the company's account. I don't think that the bank gave C enough notice of the closure, but I haven't seen anything to suggest that the lack of notice caused C to suffer a financial loss or material inconvenience. As a result, I don't intend to order the bank to pay any compensation.

I invited C and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays responded to say it accepted the decision and had nothing further to add. C didn't respond to say whether or not they accepted the decision or had anything further to add.

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, as Barclays responded to say it accepted the decision and had nothing further to add and C hasn't responded with any further information, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

My final decision

My final decision is that I uphold this complaint in part because I'm not satisfied that Barclays gave sufficient notice to C. However, since I'm not persuaded that Barclays' error caused C a loss, I'm not awarding any compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 13 August 2024.

Jenny Lomax
Ombudsman