

## **The complaint**

A company which I'll call 'C' complains that Barclays Bank UK Plc treated it unfairly when it restricted its accounts.

The complaint is brought on C's behalf by its director, Mr W.

## **What happened**

C held a current account and a client money account with Barclays.

Mr W told us:

- Barclays had lost the original mandate held for C's accounts and had therefore restricted the company's accounts.
- As one of C's accounts was a client money account, it meant that C's clients couldn't have access to their money which was illegal.
- Barclays customer service was poor, and he wasn't able to speak to someone about the error easily, and when he could contact the bank, he was given conflicting information or couldn't understand the callers due to the language barrier from foreign call centres.
- Barclays had been unreasonably applying charges to C's main account, and as a result of the company's accounts being blocked; he'd spent hours on the phone and likely would incur fines due to missed or delayed payments. The bank also hadn't responded to all of the complaints he'd raised.
- To resolve C's complaint, he wanted substantial compensation, a public investigation, a written apology, a response to all his complaints and an agreement from the bank that only UK staff would contact him.

Barclays told us:

- It had undertaken a 'Know Your Customer' ('KYC') review of C's accounts in June 2022 and identified that the information held on Companies House didn't match what it held for the company.
- It had sent Mr W repeated KYC letters and asked him to update the shares and ownership information held on Companies House via his accountant. When this didn't happen as requested, it had restricted C's accounts in early November 2023. Once the KYC review had been completed in mid-November 2023, the restriction had been removed. So, it didn't think it had done anything wrong here.
- It had written to C in February 2016 to say that account fees would be payable on its client account going forward, and again in June 2021, to say that these fees would be

increasing. However, there had been confusion over the amount of the account fees paid by C since 2016, so it had refunded the additional charges of £46.66 which the company had been charged and offered £50 compensation for the inconvenience caused.

Our investigator recommended C's complaint be upheld. He thought that the issues with the KYC process that led to C's account being blocked originated from the call Mr W had with the bank in December 2022. He said that because Barclays gave Mr W incorrect information about how he should enter details of C's shareholding, this meant when he submitted the form to the bank, it was wrong. He also acknowledged that the bank said it needed Companies House to be updated by Mr W, but noted that it had subsequently accepted Mr W was C's shareholder without the amendment.

The investigator thought that Barclays hadn't treated C fairly and recommended the bank pay C a further £100 compensation for the inconvenience caused on top of the £50 already offered by the bank. However, he said he couldn't recommend an award for the consequential losses that C had claimed for, as he hadn't seen sufficient evidence of the losses or impact that C says it incurred.

Barclays accepted the investigators opinion, but Mr W didn't and asked for an ombudsman to review his complaint. Mr W said in summary that:

- C's reputation had been damaged by the bank's actions, although not tangible C was a small company and he'd been hearing rumours about the viability of the business.
- The forms from Companies House that Barclays said it needed were useless – one hadn't been used since 2016 and the other clearly showed he was C's shareholder using his initials and there was no requirement for it to show his full name.
- It wasn't fair that our investigator said the company couldn't feel distress as he and C, as its sole director were un-divisible so a 'reasonable man' test should be applied.
- The complaint hadn't considered the impact of Mr W having to speak to call handlers in India including the lack of understanding and poor security. He wanted the bank to be held accountable for its wider failings and didn't think the compensation at the equivalent of £1.50 per hour for the 100 hours he'd spent dealing with C's complaint was fair.
- Barclays hadn't responded to his Subject Access Request ('SAR') within the required timescales and with the information he wanted about C's mandate.

I issued a provisional decision on 16 September 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. Having done so, I've decided to uphold it. I'll explain why.

The background to this complaint is known to both parties so I won't repeat it at length here. Barclays has also accepted that it made a mistake, and the crux of C's complaint now appears to be that the compensation offered by the bank isn't sufficient for the impact caused to the business and for the various errors which took place. I acknowledge that Mr W has raised several concerns about Barclays, but I do need to make clear that I can only look at the complaint points which were addressed

by the bank as part of its Final Response Letter in November 2023 and for which Barclays has been given the opportunity to respond.

#### *Account restriction*

Mr W says that Barclays has behaved unreasonably as it restricted C's accounts, and I can understand why he feels that way. However, Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers and I think it's reasonable that the bank wanted to check with Mr W that the information it held for C was accurate. I also acknowledge that if the bank doesn't receive the information, it needs it is entitled to take actions with regards to those customers, such as restricting their account. However, I don't think it acted reasonably when it restricted C's account when Mr W was already engaging with the bank to resolve the outstanding issues.

Barclays says that it was reasonable for it to restrict C's accounts because it didn't get the information it needed from Mr W about the company's ownership – but I don't agree. I'm satisfied that the bank gave Mr W incorrect information on the call of 16 December 2022 about what he should enter on the KYC forms for C's ownership. This then meant that when Mr W submitted the requested forms, the bank had a mismatch of information. It appears from Barclays' system notes that the initial issue was because on Companies House, the ownership section showed Mr W's initials rather than his full name. I acknowledge Barclays position here is that it can't assume that these individuals are the same and that this information wasn't updated from 2016.

However, I think the bank could have done more here to assist Mr W – particularly as he'd already called Barclays for help in December 2022 and asked what it was the bank wanted here. Based on the evidence from the bank, it appears Barclays simply needed to confirm Mr W and the person registered on Companies House were the same and how many shares were held. And that the individuals whose initials it held on the mandate were the same as those included on the KYC forms.

Instead, over the next eleven months, I can see that Barclays told Mr W that it needed documents from Companies House that were not required, it also requested that Mr W make changes to C's share ownership details on Companies House as this was recorded using Mr W's initials rather than his full name. It then said in September 2023 there were issues with C's mandate as it only held the initials for C's authorised signatories – rather than their full names.

I recognise Mr W's frustration here as I can see that he'd repeatedly tried to explain to the bank what had happened, and that the forms he was being asked to complete were no longer applicable. Mr W has also provided evidence of the number of times he called the bank to try and resolve this issue and explained that the bank's error had an impact on his ability to undertake his role for C as he's the sole director - and I can understand why that's the case.

Mr W was then caused further frustration by Barclays as he believed that the bank had lost C's original mandate that had been provided. However, it appears there was simply an issue with how Mr W and Mrs W's signatures had been recorded on the bank's system, which needed to be updated. So, I can't fairly say that Barclays behaved reasonably here when it seems that the issues C experienced were simply because the bank needed to confirm the initials on its systems matched the individuals acting on C's behalf and on Companies House.

Mr W says it's unfair that our service can't award him compensation for the distress caused as a result of the bank's actions on C as this is linked. But we're governed by rules set by the industry regulator, the Financial Conduct Authority (FCA). They're called the DISP rules and can be found in the FCA's handbook. They set out our approach to complaints, including that we can only look at complaints on behalf of an eligible complainant, which in this case is C, not Mr W. We don't have discretion when it comes to these rules, and it therefore follows that I can only award compensation to C, and as a limited company cannot experience distress, I can only consider any inconvenience it has been caused.

Mr W told us that Barclays caused C increased inconvenience because it took too long to get through to speak to an agent on the phone. He also says that when he was able to get through to speak to someone, it was often an offshore call handler who he either couldn't understand, or they didn't understand the information he was providing and the issues he was experiencing. Based on what I've seen from both parties I think it's likely that Mr W would always have needed to speak to the bank to provide the information that it needed to complete its KYC review and the related account mandate issue.

But whilst I recognise Mr W's frustration about the call wait times and the bank staff being offshore, it's for the bank to say how it wishes to provide its services. This is a commercial decision that Barclays is able to make and isn't something that our service would interfere with unless we feel that the bank is treating its customers unfairly. But as our investigator has already explained, we can only look at the impact on the complainant – the wider process itself would be reviewed by the Financial Conduct Authority as it is the regulator.

In terms of C's complaint, I do think Barclays should have done more to help Mr W provide it with the information it wanted. Based on the evidence provided by the bank, I'm satisfied that it could have told Mr W much sooner what it actually needed to resolve the KYC issue – as it was eventually able to amend the KYC issue in November 2023 by accepting what Mr W had said. Had it done so, Mr W wouldn't have needed to spend as much time calling the bank or looking into the forms and Companies House requirements. It also would have meant that C's accounts wouldn't have been restricted for twelve days causing inconvenience to the company.

I acknowledge that Mr W told us that C may incur fines nor penalties for example due to missed VAT payments or not being able to pay its bills. And that he's also heard rumours about C's viability which he believes have impacted the company's reputation. However, as our investigator has already explained, we are an evidence-based organisation, and we cannot make awards for speculative losses that may or may not occur. Nor do we make awards based on the hourly rate of a complainant and in this case, I'm not persuaded the banks actions has led to the level of inconvenience which Mr W says C has incurred. So, whilst I do think Barclays needs to put things right, I'm not persuaded the amount of compensation requested by Mr W is appropriate. Considering our service's guidance when making awards, and applying my own judgement, I consider that a payment of £300 for the inconvenience caused to C is fair in this case.

### *Complaint handling*

Mr W told us that he's unhappy with how Barclays dealt with C's complaints as he doesn't feel they were all addressed fairly at the time. I'm sorry to disappoint Mr W but complaint handling isn't an activity that falls within our jurisdiction so I can't look

at how the bank addressed C's complaints, and whether or not it responded to the company's complaints in the time or manner that Mr W didn't think was appropriate. Incorrect account charges Mr W also told us that Barclays treated C unfairly as it applied charges incorrectly to the company's account from 2016 onwards. However, the bank has accepted that it made an error here, refunded the £44.13 of charges that had been applied correctly and offered £50 compensation. So, I'm satisfied that's enough to put things right.

### *Information request*

Mr W says that Barclays hasn't responded to his information request with all the information that he wanted, in particular a copy of C's original mandate. Barclays told us that it received Mr W's personal SAR request on 1 February 2024, and it responded on 29 February 2024. As this is in line with the guidance from the Information Commissioner's Office ('ICO') I can't fairly say that Barclays has done anything wrong here.

I recognise that Mr W says the information he wanted about C's mandate wasn't included. However, Barclays has told us that Mr W made a personal SAR rather than a request for C's information, which is why the original mandate wasn't included. The bank has said it is happy to provide a copy of the original mandate and our investigator will arrange for this to be sent to Mr W. I understand that Mr W is unhappy with the acronyms used within the information that he received, but if Mr W has concerns about this information, he can contact the ICO directly about this.

I invited Mr W and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays accepted the decision and had nothing further to add, it also provided a copy of the mandate's Mr W had requested. Mr W didn't agree. He said in summary that:

- He had raised security concerns with Barclays about the 'pop up' service in his local library as he could hear other customers security information and see this from the handheld computer being used by the bank's staff. Nor did he think the bank's process was secure when discussing C's account with the bank's offshore agent who had background noise on their call.
- He had ordered a debit card for C's account in around January 2024 however it hadn't arrived, and after months of delay's it was established that Barclays had sent the card to a previous address. He'd spent a significant amount of time checking that C's account hadn't been compromised, but when he'd asked for a further card to be sent, this was again sent to a previous address.
- He was frustrated that my provisional decision didn't make any recommendation for the bank to change its customer service or security processes.

### **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 Mr W's comments about the debit card he ordered for C which didn't arrive. However, I am unable to consider this complaint as the DISP rules require a business to have been given the opportunity to review a complaint before it is brought to our service. This complaint wasn't raised by Mr W when he asked our service to review C's complaint and I haven't seen any evidence that Barclays has been made aware of this complaint or

issued a final response letter. Therefore, I am unable to comment on this further. Mr W would need to give Barclays the opportunity to respond to this complaint first, and if he is unhappy with the bank's response, he can ask our service to review this as a new complaint.

I'm sorry that Mr W is disappointed I didn't recommend that Barclays change its policies and processes here. I am aware that the use of offshore agents and community hubs is common within the banking industry, and Barclays is not the only bank to use them. However, as I have explained in my provisional decision, our service isn't the regulator, and we don't have the power to tell a business to change its processes.

On the basis that neither party has provided any additional evidence or information, I see no reason to reach a different conclusion to my provisional decision. 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. I instruct Barclays Bank UK Plc to do the following:

- Pay C £300 for the inconvenience caused by C's accounts being restricted.
- Pay C £50 compensation for the inconvenience caused as a result of the incorrect account charges being applied.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 23 October 2024.

Jenny Lomax  
**Ombudsman**