

The complaint

A company, which I'll refer to as M, complains about the way Barclays Bank UK Plc carried out a Know Your Customer (KYC) review.

M is represented in this complaint by its director, Mr M.

What happened

Mr M told us that M's staff spent many hours trying to reach Barclays, and that the restrictions Barclays had placed on M's account meant that it could not make business purchases or gain access to its capital. However, he was unwilling to provide detailed information about the losses M had suffered, on the grounds that he believed any award made by the ombudsman service was unlikely to cover the time costs in providing that information.

I issued a provisional decision on this complaint, in which I said I didn't know what had happened because neither party had responded fully to our investigator's requests for information. Based on the limited evidence I did have, I said I was provisionally satisfied that an award of £250 would be fair compensation – but I stressed that I might change my mind in light of further comments from the parties.

I did receive further evidence, and I did change my mind as a result. I therefore issued a second provisional decision, in which I explained why I didn't think Barclays had done anything wrong. Briefly, I said:

- Barclays provided bank statements showing that money went into and out of M's account during September and October 2022, and so I was not persuaded that Barclays did anything to prevent M from making business purchases.
- I thought Barclays was entitled to carry out its KYC process, and I didn't see anything wrong with the way in which it did so.
- I accepted that Barclays' KYC process was likely to have caused M some inconvenience, but I didn't think M had suffered any avoidable inconvenience as a result of an error by Barclays.

Barclays accepted my second provisional decision, but Mr M did not. He said direct debits were paid from the account, and that it was possible to pay existing payees using Barclays' app – but that was all. Barclays told him that it had applied restrictions to M's account, but it did not tell him the extent of those restrictions.

Overall, Mr M said that Barclays took a very heavy handed approach to gathering KYC information. It would have known that the correspondence it sent regarding restrictions would have caused panic, and yet it did not provide adequate telephone based support to deal with enquiries. He said that a faulty bank logon further gave the impression that M's account had been fully restricted.

Mr M also pointed out that Barclays had said it had searched its records for calls from his mobile phone only, but a significant proportion of the calls were from his landline. He said any disconnections were probably from Barclays' end; he did not disconnect any calls but it is common for Barclays to disconnect or terminate a call when trying to transfer it.

Barclays has subsequently checked its records for Mr M's landline, and has traced a small number of additional calls.

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'm sorry to further disappoint Mr M, but having done so I still don't think it would be fair for me to order Barclays to pay compensation to M.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means – as in this case – that a bank chooses to carry out a KYC review. Those reviews may cause inconvenience to a customer, but that doesn't automatically mean that the bank treated the customer unfairly.

In principle, I have no concerns about Barclays' decision to carry out a KYC review of M's account. That means that in order to decide whether Barclays treated M fairly, I need to consider how that review was carried out.

Barclays says that M became in scope for its KYC exercise in May 2022. It sent M a form to complete, which M swiftly returned. Barclays then did nothing until the end of 29 September 2022, when it wrote to M to say that it wanted additional information (without specifying what that additional information was). It also told M that it had applied restrictions to M's account, but it later said those restrictions only prevented M from applying for new products and services.

Barclays also says that Mr M had some difficulty in accessing M's account online, particularly with its "*mobile Pinsentry option*", but it does not believe those issues are related to the KYC review. It says Mr M re-registered with Barclays mobile banking in October 2022, and it believes those issues have now been resolved.

I consider that there was some confusion on Mr M's part, both about the extent of the restrictions on M's account and about the reason for those restrictions. But after looking at all the evidence, I'm satisfied that Barclays did not at any time prevent M from making business purchases or accessing its capital. I accept that there were some difficulties with online access to M's account, but I'm satisfied that Mr M would always have been able to access M's account through other means had he chosen to do so.

I also accept that Barclays' correspondence could have been clearer about the extent of the restrictions it intended to apply, but I don't think it would be fair for me to award compensation for that lack of clarity. I have not been provided with any evidence to show that M suffered a loss because Mr M believed that the restrictions prevented him from making payments using M's money.

Barclays has acknowledged that its phone lines were extremely busy in September and October 2022. I accept that Mr M made several attempts to contact Barclays by phone. But as I said in my second provisional decision, it is unusual for us to award compensation for delays due to a bank's phone lines being busy. I don't think it is appropriate for me to do so in this case.

Mr M might have preferred Barclays to write to him setting out the information it needed, but I see nothing wrong in the bank's apparent preference for telephone calls. Taking into account the evidence available to me – including Mr M's responses to both of my provisional decisions – overall I think Barclays treated M fairly.

My final decision

My final decision is that I do not uphold this complaint about Barclays Bank UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 26 October 2023.

Laura Colman
Ombudsman