

## **The complaint**

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

Mr B and Ms M bring this complaint in G's behalf. Mr B is a director of both G and a company associated with G, and Ms M is a director of the associated company.

## **What happened**

Barclays told us:

- During 2022 it carried out a Know Your Customer (KYC) review of G's account. As part of that review, it wrote to G asking for information about its business.
- G did not respond to its requests for information, so in June 2022 it sent a further letter giving notice that it intended to close G's account.
- On 7 November 2022 it closed G's account, and shortly afterwards it sent G a cheque for the balance of its account in the post. G's directors later contacted it to explain that they no longer had an account in G's name, and to ask for the balance to be paid by electronic transfer to a bank account in a different name. Barclays was willing to do that, but the transfer took some time – and was finally paid on 13 January 2023.
- After Mr B complained, it paid £551.32 in interest (calculated at 8% simple for the period G did not have access to its funds). It also said it would pay £75 to the directors to apologise for the distress and inconvenience they suffered, but due to an error has only actually paid £50.

Mr B and Ms M told us:

- Mr B noticed on 9 November 2022 that he could no longer view G's account online. Ms M contacted Barclays immediately, and eventually discovered that Barclays had closed G's account.
- They didn't receive any letters prior to the closure, and they had no warning that it was about to happen.
- Unexpectedly they received a cheque for the full amount of the money that was in G's account. They consider this shows that Barclays did not believe the money should be withheld for reasons relating to money laundering or fraud. But they were unable to cash the cheque, because it was made out to G and G no longer had a bank account in its name.
- After many frustrating attempts to contact Barclays, including a branch visit during which the bank's staff had to wait for help from another team, they eventually

received G's money by electronic transfer.

- They have still not been officially advised why the account was closed. They are grateful they were able to keep the matter within G's management team, but they are concerned that if the closure had been widely known it would have damaged G's reputation with both staff and clients.

One of our investigators looked at this complaint, but she did not uphold it. She was satisfied that Barclays was entitled to close G's account, and that it had given G's directors fair warning that it intended to do so. She accepted that Barclays had taken too long to arrange for the electronic transfer of G's money, but she thought the compensation it had already paid was fair in relation to that delay.

Barclays accepted our investigator's findings, but G's directors did not. They reiterated that they did not receive the letters Barclays says it sent them, but they would of course have responded to the letters if they had been received. They also said that when they became aware of the requirement to complete a questionnaire they did so, but Barclays claims not to have received that.

### **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 have reached the same overall conclusions as our investigator. Briefly, my findings are:

- Barclays was entitled to carry out its KYC process, and it didn't do anything wrong in deciding to close G's account.
- Barclays' customer service after the account closure was poor, but the compensation it has already paid is enough to put the matter right.

I give more details of my findings below.

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. There are also required to carry out ongoing monitoring of new and existing relationships. That sometimes means – as in this case – that a bank chooses to carry out a KYC review.

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

I think the key issue in this complaint is whether Barclays sent the letters it says it sent. Our investigator thought it had, but Mr B said he didn't receive any of the letters.

I am sorry to further disappoint Mr B, but having considered all the evidence I think it is more likely than not that Barclays did write to G in respect of a KYC review, and that it did give G notice that it intended to close G's account.

Although Barclays cannot provide copies of the actual letters sent, I am satisfied with the evidence Barclays has provided. It is common for banks like Barclays to record evidence of this sort of exercise in the form of template letters together with details of where and when it sent those letters, and I do not criticise Barclays for doing so. Here, Barclays' evidence is

that it sent G's letters to the address the director later provided on our complaint form – which is also G's registered address. I acknowledge the directors' concern about G's address not showing on their online banking, but I am nevertheless satisfied that Barclays sent its letters to the correct address.

I accept that evidence that a letter was sent is not evidence that a letter was received. I am aware that there were several Royal Mail strikes in 2022, and it is possible that one or more of those strikes caused G's letters to be delayed. But I think it is very unlikely that all of the letters went permanently astray, and on balance I think it is much more likely than not that G's director did receive them.

I also acknowledge that Mr B does not recall receiving any letters about the KYC process, but again that doesn't imply that the letters were not sent.

I am satisfied that G's director did not provide the information Barclays had requested within two months of its 21 June 2022 Notice To Close letter. Mr B and Ms M may well have provided information previously in respect of another company they controlled, but Barclays was nevertheless entitled to carry out a separate KYC review of G's account. Mr B and Ms M may also have later provided a questionnaire in respect of G, but I've seen nothing to suggest they did so before G's account was closed. Ultimately, G did not respond to Barclays' letters, so I consider that Barclays was entitled to close G's account.

I know G's directors would like an official explanation as to why Barclays closed G's account. Barclays is not required to provide an explanation, but in this case it has done so; it closed the account because it did not receive the information it requested about G.

Barclays accepts that it took too long to arrange an electronic transfer of G's money after G's account was closed. I agree, but I consider that the compensation it has already paid is sufficient to cover any financial loss suffered by the company because it did not have access to its funds.

The complainant here is G, not Mr B and Ms M personally. Limited companies like G are corporate bodies, and so are not capable of suffering distress. I acknowledge that Mr B and Ms M were personally distressed by the situation, but I have no power to make an award to anyone other than the complainant. I'm aware that Barclays has chosen to make a payment to the directors, and if they have any questions about that payment they should contact Barclays directly.

### **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 G to accept or reject my decision before 15 November 2023.

Laura Colman  
**Ombudsman**