

The complaint

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

The complaint is brought on M's behalf by their directors, Mrs M.

What happened

M held a business account with Barclays which they had opened in 2006.

M told us:

- Barclays had requested some 'Know Your Customer' ('KYC') information which it had provided in July 2022.
- M received a letter from Barclays in August and September 2022, saying it needed more information. Mrs M responded to the bank saying that this had already been provided for M.
- In January 2023, whilst Mrs M was away, she was notified that M's account had been closed. This caused issues for the company as they were unable to receive funds or pay their bills.
- Mrs M spent many hours on the phone to the bank asking for the account balance to be returned or the account reinstated. During that time, they also couldn't access their bank statements to see what regular payments were payable to contact the providers. They'd also had payments returned to customers which they then had to wait until the following month to receive and their accounting system had been linked to this account so fourteen years of accounting information had been lost.
- Barclays had behaved unreasonably, and they wanted the bank to apologise and pay them compensation for the inconvenience and losses caused to the company. Barclays had now offered to reinstate the account, but they'd already moved their account elsewhere.

Barclays told us:

- It had carried out a review of M's account and needed some information from the company which it requested in August 2022, but this wasn't received, so it had written to M again in September 2022 to re-request this.
- It had sent M several further requests for information, but as the required information wasn't received within the deadline it had set, it had closed M's account on 26 January. In doing so, it had acted in line with the terms and conditions and hadn't done anything wrong.
- It had offered to re-open M's accounts once the information was received, but in March 2023 the company had confirmed they didn't want to do this as they had opened an account elsewhere.
- It had returned M's funds initially by cheque on 6 February, however Mrs M had then asked for the funds to be paid directly into her personal account instead, so this had been actioned on 9 February.

Our investigator didn't recommend the complaint be upheld. She thought that Barclays had made M aware that it needed further information to complete its checks, and if it didn't receive this M's account was at risk of closure. So she thought M had sufficient time to provide the information the bank required and noted that Barclays had sent requests to the company via text and post to make them aware of its intended actions. But the information still wasn't provided. She said she hadn't seen any evidence that M had contacted the bank in November to say they had provided all the required information and noted that M's funds had been returned on 9 February to Mrs M as requested.

M didn't agree. They said the investigator hadn't considered the impact on M by the account closure or that M had already provided the information the bank has requested. They also thought it was unreasonable that the bank hadn't spoken Mrs M directly before closing the account. Mrs M also thought it was unfair that the bank had restricted access to her personal account. So they asked for an ombudsman to review their complaint.

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've decided not to uphold it. I'm sorry to disappoint M, but there's not much more that I can add to what our investigator has already said.

M says that their account was unfairly closed in January without direct contact with their director. However, I'm not persuaded Barclays closed M's account unfairly. I've seen that the bank contacted M more than five times over a six-month period in addition to the first letter advising the company it was carrying out a review of M's account, and it did so via a range of different methods including via text and post. I recognise that M says they didn't respond to these initially as they believed they'd provided what the bank required, and then contacted it in November to confirm this. However, even if M thought they'd provided the required information initially (and that there may have been a cross-over when the first chaser letter was received) I've seen that further letters were sent in August, September, and November. So I think it's reasonable to believe that this ought to have raised concerns with M that maybe Barclays required more than they initially provided or that there was an ongoing issue so they should contact the bank to check this.

I also acknowledge that M says it contacted Barclays in November about the notice to close letter. However, they haven't provided any evidence of this, and I haven't seen any record from the case notes provided by the bank either. And given that Barclays were prepared to re-open M's account in January, I think it's likely that if M had contacted the bank, it either wouldn't have made the decision to close the account as it received what was required, or there would have been a record of what was discussed.

M also said that it was unreasonable for Barclays to close the account before discussing this with Mrs M directly. But I don't agree. The account terms and conditions for M's account which say Barclays can close an account after giving two months' notice or immediately if the bank is put in the position whereby it may break a law, regulation, code, or duty. It doesn't say that it needs to discuss this with a particular party, and I think it's worth reiterating here that Mrs M told us that she did receive the notifications – so Barclays did make her aware as M's director that it intended to close M's account if it didn't receive the information it required. And as M didn't provide Barclays with the required information it needed to ensure it could meet its KYC obligations, I think it was reasonable that the bank gave M two months' notice in November 2022 that it was going to close their account. And given that six months had passed since Barclays had notified M that it needed further information, I think the bank treated M fairly.

I recognise that M says that they were caused inconvenience and a financial loss by Barclays' decision to close their account. However, as I think that it was reasonable for the bank to close the account as it didn't receive the required information for it to undertake its checks, it follows that I don't think compensation is warranted for this. I also think it's worth noting here that Barclays closed M's account on 26 January and issued the cheque with M's funds on 6 February which was within its agreed 10-day timescale, so I also don't think it delayed returning M's funds.

I acknowledge Mrs M's comments about her personal account. However, this complaint has been brought by M as a limited company, this means I can't comment about how she may have been personally impacted by Barclays actions within this decision.

I'm sorry to disappoint Mrs M as I know she feels strongly about M's complaint but based on what I've seen I don't think Barclays has done anything wrong. So I won't be asking it to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 18 December 2023.

Jenny Lomax
Ombudsman