

## The complaint

L is a limited company and is represented by its director, Mr A. Mr A complains that Barclays Bank UK PLC closed L's business account without notification and failed to follow the subsequent instructions of the Treasury Solicitor.

## What happened

L held its company bank account with Barclays. In early 2022, Mr A voluntarily dissolved the company. Barclays was notified that L had been dissolved and it wrote to Mr A on 10 March and 23 May 2022. L's account was then closed, and its assets paid to the Crown. In summary, Mr A says:

- The letter dated 23 May 2022 asked him to contact Barclays to let it know what he wanted to do with L's account. But, by the time he contacted Barclays on 8 June, the account had been closed. And he was told the account balance had been transferred to the Treasury Solicitor.
- He was led to believe his call was being transferred to the Treasury Solicitor, but he was kept waiting for a long time, so he hung up.
- He contacted the Treasury Solicitor himself and was told the funds from Barclays had not been received. And he should tell Barclays to stop the transfer as there would be complications if this didn't happen.
- Subsequent calls to Barclays on 8 June and 9 June 2022 were not returned.
- The funds were transferred to the Treasury Solicitor on 16 June 2022. So, Barclays had over 5 working days to stop the transfer but failed to follow the instructions of the Treasury Solicitor.
- The service he received from Barclays was poor.

Barclays acknowledged that its customer service felt short of what Mr A had a right to expect and it offered £300 compensation in total in recognition of the inconvenience caused.

But it didn't think it had done anything wrong in respect of the transferring L's credit balance to the Treasury solicitor. It said when a company is dissolved any assets legally belong to the Crown. And that a customer's instructions don't supersede its legal obligations. It added that the Treasury Solicitor confirmed receipt of the funds on 20 June 2022.

Mr A didn't accept this outcome and referred the complaint to this service. He said that if Barclays needed direct instructions from the Treasury Solicitor it should have told him. He added that Barclays' communication with him had been misleading and it hadn't provided any support and failed to return his calls. He maintained Barclays should have followed the Treasury Solicitor's instructions to stop the transfer.

One of investigators looked into the complaint. But he didn't uphold it. He said Barclays hadn't made a mistake as it had followed the correct procedures when L was dissolved. He noted that Barclays had accepted that some of its customer service had fallen short, but he thought the compensation offered was fair.

Mr A didn't agree. He said that Barclays had a duty to tell him about the action it intended to take. And that the Treasury Solicitor had told him to tell Barclays to stop the transfer. He also explained that he'd had to arrange for L to be reinstated via a court order so that he could recover the account balance. And, due to the time it had taken, over £5,000 in credit interest had been lost in addition to the costs incurred in reinstating L as an active company.

The investigator considered what Mr A had said. But he thought that Barclays would have only been required to stop the transfer if such an instruction had been received from the Treasury Solicitor.

Mr A didn't agree. He says this is a simple case of Barclays not following the Treasury Solicitor's instructions. And he maintained that if Barclays needed an instruction directly from the Treasury Solicitor, Barclays should have informed him of that.

As agreement couldn't be reached, the complaint was passed to me to decide. And I issued a provisional decision.

### **What I said in my provisional decision dated 25 October 2023.**

*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 don't intend to uphold this complaint. I'll explain why.*

*It is important to note that the only person potentially eligible to bring this complaint to this service is L. It, not Mr A, was Barclays' customer. It may be that Mr A was ultimately entitled to the funds held in L's account. But that's because he was a creditor and/or shareholder of L, not because he was a customer of Barclays.*

*Once L was dissolved in early 2022, it ceased to have any legal identity. That meant that it was unable, for example, to operate a bank account or even to refer a complaint to the Financial Ombudsman Service. I note however that L was restored as an active company in April 2023. That meant that it could apply to have funds released to it from the Treasury Solicitor and that it could bring a complaint to this service. I have therefore considered L's complaint.*

*Mr A says Barclays' communication was misleading. He's pointed to the letter dated 23 May 2022 which says: 'when you are ready, please call us.....to let us know what you'd like to do with your company's account'. Mr A says this gave him the impression no action would be taken until he had contacted Barclays. But by the time he called the account had already been closed and the funds removed.*

*Having read the letter, I agree that the letter could have been clearer than it was. But overall, I'm not persuaded this means that Barclays acted unfairly. When a company is dissolved by its directors, it is for the directors to ensure that its assets are dealt with before dissolution. I appreciate Mr A expected L's accountant to sort these matters out, but by the time L was dissolved this hadn't happened. This meant the funds held to the credit of L's account were 'bona vacantia' – assets left without a legal owner. And, in these circumstances, I'm satisfied that Barclays acted correctly in closing L's account when it was notified that L had been dissolved. And that it had a legal obligation to transfer L's assets to the Treasury Solicitor.*

*Mr A says he informed Barclays on 8 June 2022 that he'd been in contact with the Treasury Solicitor, and he'd been told to tell Barclays to stop the transfer. I don't dispute that Mr A contacted the Treasury Solicitor. But, as mentioned above, I'm satisfied that from the date of dissolution, L's assets belonged to the Crown. And Barclays had correctly closed L's*

*account and put the wheels in motion to transfer L's account balance. As this had happened before Mr A's call to Barclays, I'm not persuaded Barclays was in the position to stop the transfer as L was no longer a legal entity and its account had been closed accordingly.*

*It is unfortunate that Mr A had to apply to have L restored so that he could then deal with the account funds on its behalf. And I accept that he or L will have incurred costs in making the application to restore, but I do not believe that that was the fault of Barclays. It acted as I would have expected in the circumstances. And it follows that I can't fairly hold Barclays responsible for any loss of interest incurred.*

*But having listened to the recordings of the calls between Mr A and Barclays I acknowledge he was put on hold for long periods of time, a promised call back was not made, and he was given inconsistent information about how he could retrieve L's funds. So, overall, I find that Barclays could have handled things better than it did. Barclays has acknowledged that the customer service it provided wasn't of the standard it should have been, and it has offered £200 compensation in recognition of this.*

*Overall, I think this fairly represents the inconvenience the poor service caused to Mr A in his capacity as a director of L. I understand Mr A didn't accept Barclays' compensation offer. If Barclays hasn't already made the payment to Mr A and he now wishes to accept it, he will need to contact Barclays directly.*

## **Responses to my provision decision**

Mr A said the total offer made by Barclays was £300.00. And that he had again spoken to the Treasury Solicitor, and he was told that Barclays could have held onto the funds and contacted them for guidance. He added that this indicated that Barclays do not fully understand the procedure when a company is voluntarily dissolved, and it had decided to ignore the Treasury Solicitor instructions.

Mr A also reiterated that Barclays' communication was poor, and he said that he felt his concerns had been dismissed by Barclays whereas he had been caused immense upset and distress over 18 months.

Barclays didn't comment on my findings in the provisional decision. But when asked to confirm that amount of compensation it had offered it said that £100 had been paid to Mr A via a cheque which was cashed on 8 June 2022. And since then, a further £200 (2x £100) had been offered. So, while the total compensation was £300, only £200 remained to be paid.

## **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've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint including Mr A's latest submissions.

But having done so, I see no reason to depart from the overall outcome I reached in my provisional decision (as set out above and which forms part of this final decision). But I will provide more comments in response to the points Mr A raised in response to my provisional decision.

Mr A says that Barclays failed to understand the process involved when a company is voluntarily dissolved. In this respect I think it would be helpful to explain the government

website which provides guidance about when a company is struck off, dissolved, or restored says:

*'The company's bank account will be frozen from the date of dissolution. Any credit balance in the account and other assets will pass to the Crown - you'll have to restore the company to get anything back'.*

More information can be found here:

<https://www.gov.uk/government/publications/company-strike-off-dissolution-and-restoration>.

I appreciate that the letter Mr A received wasn't as clear as it should have been – it implied that Barclays was waiting on instructions from Mr A before it took any action. But I find the information on the government website to be clear. So, I'm satisfied that Barclays followed the correct process. Once L was dissolved there was no longer a legal entity to operate a bank account. So, while Barclays didn't transfer the balance to the Treasury Solicitor until a few days later, I'm not persuaded it wasn't in the position to stop the transfer which had been initiated because of L's dissolution.

I acknowledge that Mr A has said he called the Treasury Solicitor, and he was told that Barclays should have contacted it for guidance. But as L had already been dissolved, I'm not persuaded the Treasury Solicitor would have provided any alternative guidance as to what is on the government website.

Overall, I don't find that Barclays acted incorrectly or unfairly in closing L's company account and transferring the credit balance to the Treasury Solicitor. So, I don't hold Barclays liable for any inconvenience caused; the expenses incurred because of Mr A having to arrange to have L restored; or the loss of interest while this process was completed.

But I do find that Barclays could have handled things better when Mr A contacted it. In my provisional decision I said that the £200 compensation offered in this respect was fair. Upon clarifying the matter with Barclays – as mentioned above, the total compensation offer was confirmed as £300 of which £100 has already been paid.

Overall, I think the total compensation offer fairly represents the inconvenience the poor service caused Mr A in his capacity as a director of L. Barclays has confirmed that the remaining £200 is still open to acceptance. If Mr A now wishes to accept the outstanding compensation payment, he will need to contact Barclays directly.

### **My final decision**

For the reasons given above, and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A – in his capacity as Director of L, to accept or reject my decision before 25 December 2023.

Sandra Greene  
**Ombudsman**