

The complaint

A company which I'll call 'T' complains that Barclays Bank UK Plc behaved unreasonably when completing its banking checks.

The complaint is brought on T's behalf by one of their directors, Mr T.

What happened

T held a business account with Barclays which they had opened in 2009.

T told us:

- Barclays had requested some 'Know Your Customer' ('KYC') information which it had provided in August 2022.
- T received a letter from Barclays dated 8 September, saying it needed more information. Mr T had called the bank but had been unable to get through – despite being on hold for over an hour, numerous times for around two weeks.
- Barclays said it had sent them a 'repair letter' telling them it needed more information, but they hadn't received this.
- On 7 February, without warning, Barclays closed their account causing them a financial loss from lost contracts, monthly payments being returned and from the directors having to call the bank.
- Barclays had behaved unreasonably, and they wanted the bank to apologise and pay them compensation for the losses caused to the business.

Barclays told us:

- It had carried out a review of T's account and needed some information from the business. Some information had been provided in August 2022, but this wasn't sufficient, so it had written to T again in September 2023 to request this.
- As the required information wasn't received within the deadline it had set, it had closed T's account. In doing so, it had acted in line with the terms and conditions and hadn't done anything wrong.
- In February 2023, when T had provided the required information, it had reopened the account.

Our investigator didn't recommend the complaint be upheld. He thought that Barclays had made T aware that it needed further information to complete its checks, and if it didn't receive this T's account was at risk of closure. He said that T had told us that they'd received the warning from the bank, and whilst he acknowledged T's comments about not being able to contact the bank by phone, it wasn't until five months later that Barclays had closed the company's account. So he thought T had sufficient time to provide the information the bank required, noted that Barclays had sent requests to the company via email, text, and post to make them aware of its intended actions. But the information still wasn't provided.

T didn't agree. They said the bank had only said it may close their account so it was reasonable to assume it may not, particularly as they hadn't received any correspondence from the bank after the letter of 8 September.

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 T, but there's not much more that I can add to what our investigator has already said.

T says that their account was unfairly closed in February without warning. However, I'm not persuaded that's the case. I've seen that the bank contacted T a further seven times over a five-month period in addition to the letter of 8 September, and via a range of different methods including via text, post, email, and app. I recognise that T says it didn't receive any of these contacts from Barclays, however I've seen evidence from the bank to show where and when these were sent. I think it's also worth noting here that all the different methods of correspondence were sent to the contact details the bank held on file – which are the same as T provided this service to contact them. So I'm satisfied the bank did try and contact T in a reasonable manner.

T also says that Barclays behaved unreasonably because it only gave a contact number on the letter of 8 September and no other contact method or specific request for information. They say they tried to call the bank for around two weeks but couldn't get through and also went into the branch, but they couldn't help. I recognise this would have been frustrating for T to not be able to get through on the phone when they wanted. However, I've seen that the other correspondence sent to T did include other ways that they could provide the information to the bank – including self-addressed envelopes and online banking instructions – if T was unable to contact Barclays by phone.

I also acknowledge there may have been delays in speaking to the bank and that T wanted more tailored correspondence. But it's a commercial decision that Barclays is able to take on how it communicates with customers, and as T wasn't the only customer that the bank was requesting information from, I think it's reasonable that the first contact was generic and that this was then followed up with a more tailored approach for T – albeit they've told us they didn't get any of the other communication.

I've looked at the account terms and conditions for T'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. As T 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 T two months' notice in November 2022 that it was going to close their account. And given that five months had passed since Barclays had notified T that it needed further information, I think the bank treated T fairly.

I recognise that T 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.

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 T to accept or reject my decision before 11 December 2023.

Jenny Lomax
Ombudsman