

## **The complaint**

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

The complaint is brought on B's behalf by one of their directors, Mr S.

## **What happened**

B held a business account with Barclays. In spring 2022, the bank requested information so it could complete its 'Know Your Customer' ('KYC') checks.

Mr S told us:

- He sent the information Barclays had requested for B. However, the bank said the confirmation statements (the statements) were incorrect as it needed the full forenames of shareholders, not just the initial.
- He was told to file amendments for B with Companies House however the statements had been submitted in this way without issue for the last 9 years. He didn't agree so he'd complained to Barclays who said it required the statements in this format, regardless of the law.
- In February 2023, Barclays restricted B's account saying that further KYC information was needed despite all the information already being provided. The bank also said it had sent B letters requesting further information, but none of these letters had been received.
- He'd called Barclays several times in March and the calls had been dropped, however when he'd finally spoken to the bank, he'd been told he still needed to change the names on B's statement. But when he challenged this, Barclays accepted this was no longer required.
- Barclays actions, poor call handling and incorrect information about the statements, had caused inconvenience to B and distress to the directors who'd had to check the legal information and Companies House to clarify the bank's request. So, he wanted Barclays to pay B £250 compensation.

Barclays told us:

- In July 2022, it contacted B as it needed KYC information about their shareholders. This had been requested through notifications within B's online banking.
- In July 2022, it had spoken to Mr S and told him that it needed B's shareholders full names to be registered, not just their initial. This was required as part of its regulatory obligations.
- This information had remained outstanding from June 2022, but it hadn't taken further action until early 2023 as it had been focusing on higher risk customers.

There hadn't been any impact to B due to this however, as B's account itself hadn't been restricted, they had only been prevented from applying for new products whilst there was information outstanding.

- It had written to B in March 2023 to say their actual account would be restricted if the information wasn't provided. However, its process has now changed so it could accept initials on confirmation statements. Mr S had supplied the other outstanding information on the call of 8 March 2023, so the KYC checks had been completed and B's account had been fully restored.
- It had required information from B to complete its checks and had sent reminder letters about this, but this hadn't been received until Mr S's call on 8 March 2023.
- It accepted its customer service on calls which had disconnected on 7 March 2023 could have been better, so it offered B £50 compensation for the inconvenience caused.

Our investigator didn't recommend the complaint be upheld. She thought the £50 compensation offered by the bank was reasonable for the poor service Mr S had received when speaking to it in March. She said that she was satisfied that the bank had needed other information from B – not just the shareholders full names as the company believed – so it was fair for Barclays to restrict the account. She was also satisfied that Barclays had sent reminder letters to B, and that even if these hadn't been received, they'd said there was information request on their webpage. And that the bank had removed the restriction in a reasonable timescale once it had received the information.

Mr S didn't agree. He said that B had already provided all the information Barclays had requested so had no reason to expect more information was needed. He also thought the investigator was biased for accepting Barclays had sent the letters with no proof from the bank and insisted these hadn't been received. Mr S said that Barclays' system had told them when they logged in that they KYC information had been received and referred to the conflicting information he'd been given on the call with the bank. He remained unhappy and asked for an ombudsman to review B's complaint. So, the case has been passed to me to decide.

### **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 acknowledge Mr S feels strongly about what's happened, but I'm sorry to disappoint him as there's not much more that I can add to what our investigator has already said. I recognise Mr S may have found it frustrating that the bank asked for B's shareholders full names to be registered on Companies House, rather than just their initials. I also acknowledge that both parties dispute whether this was as reasonable request. However, I'm not persuaded that had a significant impact here, because the bank also required other information from B to complete its checks, and B's account wasn't actually restricted at any point whilst Barclays was waiting for information.

Mr S says that B wasn't aware there were any KYC requirements outstanding as they didn't get any notification from Barclays. He also says it's unreasonable for this service to accept that the bank sent letters without any proof. But I'm not persuaded that's the case here. I recognise the KYC page on B's online banking may have said there was no outstanding information, however there was another alert saying there were outstanding requirements, so I think this ought to have prompted B to contact Barclays in any event to see which

statement was correct. Even if there wasn't an issue with the KYC information which Mr S says was showing correctly, I think it was clear that the bank needed something further from B which they needed to action – even if it had been simply to remove what they believe was an incorrect alert.

Furthermore, although as a service we don't have copies of the exact letters that were sent by Barclays, due to its process, I have seen generic copies of the letters that were sent. I've also seen the bank's audit case notes which show when and where these were sent. So, on the balance of probability, I'm satisfied that's enough. However, even if I accept that Barclays didn't send any of the letters it says were issued, and that B's online banking was incorrect, it's not for me to fine or punish a business for making a mistake.

I haven't seen that there was any actual impact to B here, because the letters sent by Barclays simply say that they are restricted from applying for further products with the bank until the KYC issue is resolved – not that their account was restricted. I've reviewed B's account statements which show their account activity wasn't restricted throughout this period, and I haven't seen any evidence that B wanted, or attempted, to apply for new products with the bank at that time. I also think if B's account had been restricted in the manner they've suggested, they would have been aware of this and taken action to resolve the KYC issue with Barclays much sooner.

Based on what I've seen, the first letter that B received saying that their account may be restricted was in March 2023. I recognise that Mr S says he called the bank about this letter and was cut off on several occasions and then given incorrect information. However, as our investigator has already mentioned, this was for a matter of minutes, and I don't think it's reasonable to penalise Barclays because its call handler clarified the KYC information that was required from B to ensure this was correct. Barclays has already apologised for the issues Mr S experienced with the calls and offered B £50 for the inconvenience caused. Given the circumstances of the complaint, I'm satisfied that Barclays has done enough to put things right.

Mr S told us that B's directors had been caused distress and inconvenience due to Barclays actions. But this complaint has been brought on B's behalf, so B is the eligible complainant. This means that I can't look at any distress or inconvenience caused to the directors in a personal capacity. Limited companies like B, as corporate bodies rather than individuals, are not capable of suffering distress, which means I can only look at the inconvenience caused to B by Barclays' actions.

I don't dispute there has been an impact here, but I'm satisfied that this from the multiple calls that Mr S made to the bank when he received the KYC letter in March 2023. However, I need to make clear that we don't award compensation based on an hourly rate and, I'm not persuaded this led to the level of inconvenience which B says they have incurred. Therefore, given all the circumstances of B's complaint, I think £50 is fair compensation for the inconvenience caused.

### **My final decision**

Barclays Bank UK Plc has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Barclays Bank UK Plc should pay £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 5 January 2024.

Jenny Lomax  
**Ombudsman**