

The complaint

Mrs S on behalf of R, her business, complains that Barclays Bank UK PLC ("Barclays") closed her business bank account causing tremendous disruption to the operation of her business. Mrs S is also unhappy at the service received by Barclays regarding this and wants Barclays to compensate for the loss of R's business and stress caused by the closure.

What happened

R, Mrs S's business held an account with Barclays. On a number of occasions throughout 2022 Barclays sent Mrs S communications asking she update her business details with the completion of an enclosed form. The communications explained that Mrs S would be unable to open any new products or services until this was completed and if it wasn't completed it could result in R's business account being closed.

Barclays records show a form was sent initially in April 2022 and then follow up requests sent in June, July and August. Mrs S failed to complete and return the form and on 12 January 2023 Barclays sent an email and SMS explaining that it would be closing R's account if the details weren't updated by 18 January.

Mrs S called Barclays in response to this. Mrs S explained that she had tried to update the details, but she had been very busy. Mrs S didn't understand why Barclays needed any information as nothing had changed with her business. The advisor explained that it needs to check the information it holds about its customers accounts is up to date and to ensure it is holding the correct information about the business.

The advisor explained to Mrs S that they can send the form for completion by email. Mrs S said that she has a new phone and doesn't have access to her email address as she has forgotten her password and that she doesn't have another email address she can use. The advisor says Mrs S can go into a branch of Barclays to complete the form and can make an appointment for her. Mrs S says she is too busy. She says she works Monday to Friday until 8pm and Saturdays until 5pm and that the only time she is free is Sunday.

It is agreed that Mrs S will try and regain access to her business email account and that Barclays will send the form by email. The advisor confirms the email address and provides Mrs S with a passphrase she needs to use to access and complete the form and provides instructions on the process and explains that the passcode is only valid for 48 hours. Mrs S is very unhappy with this as she doesn't have time to do this. The advisor offers to call her at 4.45pm on Saturday to follow up on completing the form but Mrs S insists he call her after 5pm (outside Barclays business hours) as she is working.

Mrs S failed to complete and return the form and Barclays proceeded to close the account on 23 January. The balance of the account showed as £2,846.75.

Mrs S contacts Barclays about this the following day very upset that she can no longer access her account and wants to know where her money is and what will happen to the money and says her clients pay into R's account and how she is to run her business. The advisor explains that the money will bounce back and that she can open a new account, but

they are unable to provide a timescale. The advisor confirms the proceeds would be issued by cheque and Mrs S requests that the money is paid by transfer the following day.

Mrs S continued to call Barclays over the next week extremely upset about the situation and requesting updates as to where her money is. In response Barclays escalated the matter and cancelled the cheque it had issued for the proceeds and transferred the funds of R's account to Mrs S's personal account on 31 January.

Mrs S complained to Barclays about the problems she's faced with the closure of R's account.

Barclays says R's account was closed due to it not receiving a response to the KYC (know your customer) forms which were sent in April, June, July and August 2022. It says this information is required as part of its legal obligations and regulatory requirements that need to be met. Barclays said it would re-open R's account but there were some important steps which Mrs S must follow to get the account re-opened. Barclays compensated Mrs S £75 (paid into her personal account on 11 February) for the time she had spent on hold while trying to sort out the matter.

Mrs S was dissatisfied with this and brought the complaint to this service.

Barclays has confirmed that R's account was reopened on 2 March and that the KYC case is still under review.

One of our adjudicators investigated Mrs S's concerns and thought that that Barclays were under no obligation to continue offering an account to a customer if it doesn't want to. They thought Barclays had sent numerous communications to Mrs S requesting she provide it with information about business R and that it had explained R's account would be closed if it didn't receive this information. They thought when Barclays didn't receive the information requested it didn't do anything wrong in closing the account as it needed this information to comply with legal and regulatory requirements.

They thought that the issuing of the proceeds of account were done within a reasonable period of time – within 5 working days – but thought the service Mrs S received from Barclays during this period could have been better and that the £75 compensation for this Barclays paid for this was fair and reasonable.

Mrs S disagreed. Mrs S wants to be financially compensated for the loss of business and overwhelming stress caused by the closure of R's account.

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.

It might help by me explaining my role is to look at the problems Mrs S has experienced with her business bank account and see if it has done anything wrong. If it has, I would seek – if possible - to put the business back in the position it would've been in if the mistakes hadn't happened. And I may award modest compensation that I think is fair and reasonable.

Barclays terms and conditions say amongst other things that it can close an account if it believes the customer has seriously or persistently broken any terms of its agreement with them or has reasonable grounds for thinking they have:

“...put us in a position or give us an instruction where we might break a

law, regulation, code or other duty that applies to us if we maintain your account, or we reasonably believe keeping your account open exposes us or another Barclays company to action or censure from any government, regulator, or law-enforcement agency or may damage our reputation.”

I think this encompasses the failure of the provision of information about the customers details when requested – as in this case.

I appreciate the inconvenience this request might have been to Mrs S. But as I’m sure Mrs S understands – having a business herself – that running a business comes with certain responsibilities and in Barclays case it needs to ensure the information it has on its customers is kept up to date in order to comply with its legal and regulatory obligations. So I don’t think Barclays did anything wrong or treated Mrs S unfairly in requesting this information.

And again, I don’t think Barclays did anything wrong or treated Mrs S unfairly when it took the decision to close her business account. I say this because I can see Mrs S was given plenty of time to respond to Barclays request for information – with the initial request sent out in April 2022 and follow up requests in June, July and August.

Yet Mrs S only responded when she received the text alert that the closure of her account was imminent some nine months later. I appreciate Mrs S says she had been too busy and was having trouble accessing her business email account due to her forgetting her password. But this situation is not due to any error on Barclays behalf.

I’ve listened to the recordings of the phone calls Mrs S had with Barclays following the text alert – the summary of which I’ve outlined in the background above. And I’m satisfied the advisor did his best to try and assist Mrs S with providing Barclays with the information it needed despite Mrs S being inflexible in trying to meet this reasonable request and at times, I think, sarcastic and rude to him. So when Mrs S still failed to provide the information requested I don’t think it was unreasonable for Barclays to go ahead and progress the closure of R’s business account.

I’ve no doubt the closure of Mrs S’s business account resulted in an enormous amount of stress and inconvenience for her – this is very clear in the phone calls I’ve listened to. And I agree that Barclays customer service wasn’t as good as I think it should’ve been. Mrs S was clearly very distressed and spent an unreasonable amount of time on hold and chasing to find out what had happened to the proceeds of her business account. But I can see that Barclays did react to Mrs S’s distress and escalated the matter to have the proceeds transferred to her as soon as it could as well as compensating her £75 for the distress and inconvenience caused which I think is fair and reasonable.

So it follows that I do not think Barclays made a mistake in closing R’s business account and although I think Barclays service could’ve been better, I think the £75 compensation already paid is fair and I’m not going to ask Barclays do anything more.

My final decision

For the reasons I’ve explained, I do not uphold R’s complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I’m required to ask R to accept or reject my decision before 14 December 2023.

Caroline Davies
Ombudsman