

The complaint

Mrs H complains that the account she held for her business (which I'll call "M") was closed by Barclays Bank UK Plc without notice, causing significant upset and disruption.

What happened

Mrs H holds a sole trader account for M with Barclays, she is also a signatory on a second business account, for a limited company she and Mr H run.

In early August 2022 Mrs H discovered she could no longer view her sole trader account in her online banking. When she contacted Barclays she was told she had not provided information it had requested regarding the account, and so the account had been closed. Mrs H was unhappy with what Barclays had done and raised a complaint.

Barclays considered Mrs H's complaint but, overall, it did not think it had done anything wrong, it said it had sent her appropriate communications telling her about the information she needed to provide and warning her that her account could be closed. Barclays did though apologise for the time Mrs H had to spend on hold when calling to discuss her concerns. Mrs H remained unhappy, so she referred her complaint to us.

One of our Investigators looked into what had happened, ultimately, they felt that Barclays had not been as clear as it could have been during the process of requesting information about the sole trader account and then closing it. So, they recommended that Barclays pay £400 to recognise the distress and inconvenience caused. Barclays has accepted the Investigator's findings, but Mrs H remains unhappy. She says that the impact on her and her business was significant and so believes that higher compensation is warranted.

As no agreement could be reached, this case has now been passed to me for a final decision.

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 agree with the findings set out by our investigator, and for largely the same reasons.

I've looked carefully at the timeline of correspondence between Mrs H and Barclays about both the sole trader account that is the subject of this complaint, and about the limited company account. Barclays internal records show that it sent correspondence regarding the sole trader account between June and October 2021 (asking for the relevant information it needed to keep the account operational) and then again in December 2021 (when it notified Mrs H that the account would be closed as the requested information had not been received.) I can't then see that any further correspondence was sent to Mrs H about the sole trader account until it was closed in August 2022. Although I can see that correspondence was sent during that intervening period regarding the limited company account.

Mrs H did though speak to Barclays in May 2022, from listening to that call it appears that Mrs H was aware of the need for her to provide updated information regarding the sole account. During that call she referred specifically to the sole trader account, and said that she'd been unable to provide that information online. Barclays then said it would send her the relevant forms in the post. I can't see evidence that Barclays did resend any of the relevant forms, but nonetheless this call demonstrates that Mrs H was aware of the need to provide the information Barclays had requested.

Ultimately, it appears that Mrs H (or Mr H) updated the relevant information regarding the limited company account but did not do so regarding the sole trader account. And while it was Mrs H's responsibility to ensure that she was doing what was needed for the sole trader account, I do think that the lack of communication from Barclays between December 2021 and August 2022 regarding the sole trader account will have meant that the closure of that account was unexpected and I consider that this will have had an impact on Mrs H and her business.

What I must then consider is an appropriate level of compensation taking account of all the circumstances. I appreciate that Mrs H was unexpectedly unable to use her sole trader account and that this had a knock-on effect on her business. But I think I must also bear in mind that – while there was no doubt a delay in closing the account after the notice to close was issued – I'm nonetheless satisfied that Barclays did send a notice to close the account in late 2021 because Mrs H had not responded to its earlier requests for information, and that Mrs H was aware of the requirement for this information to be provided as evidenced by the call she had with Barclays in May 2022.

I appreciate why Mrs H feels the way she does, and that she feels the service she received did not reflect the long-established banking relationship she had with Barclays. But, overall, I'm satisfied that the compensation recommended by our Investigator of £400 is appropriate in the circumstances of this complaint, so I won't be asking Barclays to increase that amount.

Putting things right

To resolve this complaint Barclays should pay M £400.

My final decision

I uphold this complaint. Barclays Bank UK PLC should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 1 February 2024.

Sophie Mitchell
Ombudsman