

The complaint

A company, which I will refer to as S, complains that Barclays Bank UK PLC wrongly closed its account.

What happened

Barclays told us:

- During 2022 it carried out a Know Your Customer (KYC) review of S's account. As part of that review, it wrote to S asking for information about its business.
- S did not respond to its requests for information, so in June 2022 it sent a further letter giving notice that it intended to close S's account.
- S still not respond, so on 16 November 2022 it closed S's account. It is satisfied that it acted fairly and in line with its terms and conditions.

S's directors told us:

- They didn't know that Barclays wanted more information from them, and they didn't receive any correspondence to any of the addresses associated with S.
- If they had received any correspondence, they would have acted quickly. This episode has caused significant damage to their company, and if they had known account closure was imminent they would have acted to avoid it.
- If Barclays had wanted to contact them, it had ample opportunities to do so. It had the personal email addresses and telephone numbers of both directors. It also continued to send paper bank statements to them, but those statements made no mention of Barclays' intention to close S's account.
- The sector S operates in means it is paid in a complicated way. Barclays' decision to close S's account – and subsequent refusal to reopen the account (either with the same details or at all) – meant that they had to spend significant time opening a new business account elsewhere and then setting up new payment arrangements with each of its customers. Some customers have still not replied to the directors' attempts to contact them, with the result that they have little chance of recovering all the money owed to S.
- To resolve the matter, they would like compensation for the financial loss Barclays has caused to S, as well as for the high levels of stress they suffered as directors.

One of our investigators looked at this complaint, but did not uphold it. He was satisfied that Barclays was entitled to close S's account, and that it had given S's directors fair warning that it intended to do so.

Barclays accepted our investigator's conclusions, but S's directors did not. They reiterated that they did not receive the letters Barclays says it sent to them, and neither did their accountant (whose address S uses as its registered office). Over the years Barclays has contacted them by phone and by email, and after the business account was closed Barclays added a note to that effect on a paper statement – which shows that Barclays can use all of those communication methods when it suits it to do so. The damage Barclays caused to their business was significant, and they do not believe Barclays properly discharged its duty of care to them.

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, there is very little I can add to what our investigator has already said. I consider that Barclays was entitled to carry out its KYC process, and I don't think it did anything wrong in deciding to close S's account.

Our investigator was right to explain that banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of new and existing relationships. That sometimes means – as in this case – that a bank chooses to carry out a KYC review.

I understand that S's directors have no concerns in principle about Barclays' decision to carry out a KYC review. Their complaint is that they didn't know the review was taking place, and that the result was that S's account was closed without notice.

I think the key issue in this complaint is whether Barclays sent the letters it says it sent in relation to the KYC review. Our investigator thought it had, but S's directors say they didn't receive any of Barclays' letters. S's accountant also says that it did not receive anything for S at its address.

I am sorry to further disappoint S's directors, but having considered all the evidence I think it is more likely than not that Barclays did write to S in respect of a KYC review, and that it did give notice that it intended to close S's account.

Although Barclays cannot provide copies of the actual letters sent, I am satisfied with the evidence Barclays has provided. It is common for banks like Barclays to record evidence of this sort of exercise in the form of template letters together with details of where and when it sent those letters, and I do not criticise Barclays for doing so. Here, Barclays' evidence is that it sent S's letters to its registered address. I appreciate that Barclays sent other documents (such as statements) to a different address, but I don't think Barclays did anything wrong in sending important correspondence for a limited company to that limited company's registered address.

I accept that evidence that a letter was sent is not evidence that that letter was received. I am aware that there were several Royal Mail strikes during 2022, and it is possible that one or more of those strikes caused S's letters to be delayed. But I think it is very unlikely that all of those letters went permanent astray, and on balance I think it is more likely than not that they were received.

I am further satisfied that S's directors did not respond to Barclays' letters (and indeed they have not suggested they did respond – they said they could not respond because they didn't receive the letters in the first place). That means Barclays did not have the information it

needed to carry out its KYC review, and so I consider that it was entitled to close S's account.

It is very unfortunate that S's directors had so much difficulty in finding alternative banking arrangements, and I hope they are able to collect all the money that is due to them. However, since I am not satisfied that Barclays made an error in closing S's account, I don't think it would be fair for me to make an award for the consequences of that closure.

My final decision

My final decision is that I do not uphold this complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 12 January 2024.

Laura Colman
Ombudsman