

## **The complaint**

Mr W is a sole trader. He complains that Barclays Bank UK Plc wrongly closed his business bank account.

## **What happened**

Barclays told us:

- It carried out a Know Your Customer (KYC) review of Mr W's account. It initially wrote to him on 27 January 2021 seeking information, then sent him reminders in March and April 2021.
- On 29 October 2021 it sent Mr W a Notice to Close (NTC), explaining that it had not received the information it had requested and so it intended to close his account in 60 days' time.
- It made three attempts to call Mr W during April and May 2022, and left messages asking him to call back. He did not do so.
- It still did not receive the information it had requested, and so it closed Mr W's account on 15 August 2022.
- The terms and conditions of its agreement with Mr W say it will not compensate customers for claims for loss of reputation, business, or opportunity. In addition, where a complaint is on behalf of a business it will not compensate an individual personally for any distress suffered.

Mr W told us:

- He did not receive the letters Barclays says it sent him. If he had received the letters, he would have responded to them.
- He accepts that Barclays might have tried to call him on his mobile, but he lives and works in a rural area and often has difficulties getting a phone signal. He does not believe that Barclays left a message; if it had done so he would have called back.
- Barclays closed his account on a random date and without any prior notification, which was devastating to him. He lost access to his funds for several weeks, and had to carry out significant administration work to open a new Barclays account.

One of investigators looked at this complaint, but did not uphold it. He was satisfied that Barclays was acting within the terms and conditions of Mr W's account when it decided to end its banking relationship with Mr W.

## **My provisional decision**

I issued a provisional decision on this complaint on 15 August 2023. Briefly, my findings were:

- I was satisfied that Barclays did send the letters it says it sent to Mr W, that it wrote to the correct address, and that Mr W did not respond.
- However, I didn't think it was fair for Barclays to close Mr W's bank account on 15 August 2022.
- Barclays' error meant that Mr W didn't have access to his funds. It should compensate him by paying interest on those funds, at a rate of 8% simple, from the date his account was closed until the date he was able to access the funds again.
- In addition, I considered that Barclays' error caused Mr W to suffer entirely avoidable distress and inconvenience. Barclays should therefore pay him £300 to apologise.

In more detail, I said:

"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.

Barclays has not provided me with recordings of the messages it says it left for Mr W in April and May 2022. But Barclays is not claiming that it gave Mr W any information in those messages (it simply says it asked him to call back). So I don't think I need to decide whether Mr W actually received the messages; in either case he would not have known any more about the bank's KYC process.

On the other hand, I think Barclays' letters did explain clearly what Mr W needed to do. Barclays has not been able to provide copies of the specific letters sent to Mr W, but it has been able to provide the template it used, and given me the dates it wrote to Mr W and the address it used. I've noted Mr W's comments, but on balance I think it's likely he did receive Barclays' KYC letters. I'm satisfied that Barclays sent the letters to Mr W's correct address, and I consider it very unlikely that all of the letters would have gone astray.

In my view, the NTC Barclays sent to Mr W in October 2021 was a clear indication that Barclays intended to close Mr W's account 60 days' later (that is, in late December 2021 or early January 2022). I am satisfied that the terms and conditions of Mr W's Barclays account allowed Barclays to close the account in those circumstances. If Barclays had closed Mr W's account in late December 2021 or early January 2022, it is unlikely that I would have said that it had done anything wrong.

However, Barclays did not in fact close Mr W's account in January 2022. Nor did it do anything after that date to suggest to Mr W that the closure of his account was imminent. By August 2022, I think it would have been reasonable for Mr W to have assumed that Barclays had changed its mind about its decision to close his account. I consider that Barclays was therefore wrong to close Mr W's account "*on a random date*" (as Mr W put it) and without prior warning.

I also note that Barclays appears to have had ample opportunity to tell Mr W about its intentions. He told us that visited a Barclays branch once or twice a month – and so if

the branch staff had known about the impending closure, they could have told him. I acknowledge that in practice the branch staff are unlikely to have known, but I think that means Barclays missed an opportunity to explain its intentions.

### **Putting things right**

I acknowledge that Barclays' terms and conditions say that it won't pay compensation for loss of business, loss of goodwill, loss of opportunity or loss of profit. But I'm required to reach an outcome that I consider is fair and reasonable in all the circumstances of the complaint. Here, Barclays' error meant Mr W did not have access to his money, and I think it is fair for Barclays to pay compensation for that.

Subject to any further evidence or arguments that I receive by the date shown at the top of this decision, I think it would be fair for Barclays to pay Mr W interest at 8% simple on the balance of his account for the period he didn't have access to his money. If Mr W believes his losses are higher than that, he should explain why and provide supporting evidence in his response to this provisional decision.

I also acknowledge that this complaint is made by a business – but it is not made by a limited company. Mr W is a sole trader, meaning that he and his business are not separate legal entities, and they cannot be separated from each other. I think Barclays' poor customer service caused him avoidable distress, and he should be compensated for that.

Taking into account all the evidence, and applying my own judgement, I consider that Barclays should pay Mr W £300 to apologise for its poor service."

Barclays and Mr W both accepted my provisional findings. Barclays said that Mr W did not have access to his account for 25 days, and that it calculated compensatory interest as £359.02. Mr W asked me to note that he doesn't make a habit of complaining, but he felt strongly that Barclays' level of service was appalling.

### **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 have come to the same conclusions as I did in my provisional decision, for the same reasons. I now confirm those provisional conclusions as final.

### **Putting things right**

Barclays should settle the complaint in the way I proposed in my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I order Barclays Bank UK Plc to pay Mr W:

- Interest at 8% simple on the balance of his closed account, calculated from the date the account was closed until the date he had access to the money again; plus
- £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 September 2023.

Laura Colman  
**Ombudsman**