

The complaint

Mr M has complained that Barclays Bank UK PLC (Barclays) closed his bank account without notice. He wants Barclays to reopen the account and to apologise to him. He'd also like an explanation for the closure and compensation for the losses and inconvenience he suffered.

What happened

Mr M said he had his current account with Barclays since 2012. In March 2023 he called Barclays as he couldn't access his account online and was told that his account was closed and that he wouldn't be able to carry out any transactions using it. He was told no direct debit payments would go out of the account and also that no payments could be made into his account. Barclays said this was a commercial decision and couldn't be reversed.

Mr M made a complaint about the closure. He said this could impact him financially, reputationally and it could also affect his credit score. He asked for his account to be reopened but Barclays said it wouldn't do this. But it logged his complaint.

Barclays wrote to Mr M on 2 March 2023 confirming that it was closing all the accounts that he had with it with immediate effect. It said he could withdraw the money that remained in the accounts if he went to a branch with proof of address and photo ID.

On the same day it responded to his complaint in writing and said as it had discussed his concerns with him it would resolve and close the complaint. It also referred Mr M to our service.

Mr M then complained to us. He said Barclays didn't respond to his complaint in writing and automatically marked it as resolved. He added that he has suffered significant inconvenience and distress and was concerned the closure would impact his credit score especially if his direct debits were affected. He said he felt humiliated by Barclays' actions and would have expected to be contacted by it if it had concerns about his accounts or risk profile.

While his complaint was with us Mr M said that one of his direct debit payments to another bank was missed and as a result, he was charged a late payment fee. He said he also missed out on a 0% interest free period for the credit card associated with that account. He said he contacted the other bank to change the direct debit details but was told this would be effective the following month. Mr M was later able to confirm that the bank refunded the late payment charge and reinstated the 0% interest free period. But he said that he had a number of direct debits on his Barclays account and that moving them caused him inconvenience. He added that he wasn't able to withdraw his money from Barclays on the day the account was closed despite Barclays saying he could. So there was a delay in him receiving his funds.

One of our investigators reviewed the complaint and thought it should be upheld. He didn't think Barclays acted unfairly in reviewing and closing the account, but he thought it should have given Mr M two months' notice before closing the account. He also thought it should pay Mr M £150 compensation and 8% interest on the balance which was in his account from

the date the account was closed, 2 March 2023, to the date this money was returned to him. Our investigator thought that Barclays had responded to the complaint in writing and that the letter was sent to the correct address.

Barclays accepted our investigator's view, but Mr M didn't. He felt that a higher compensation award was warranted and said he would be willing to accept £1,000 which he proposed to give to charity. Our investigator didn't change his view as he felt the award he made was in line with awards we make for similar levels of inconvenience.

As the matter was not resolved it was passed to me to make a 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.

It might be helpful if I start off by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet, and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations Barclays may need to review an account and/or restrict its customers' access to accounts and funds held within them. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations. And whether in doing so it has treated its customers fairly.

Based on the above, I don't think Barclays was acting unfairly or unreasonably when it reviewed the account. And I think this is something it could have done at any time.

A bank is also generally entitled to close an account providing it's in line with the terms and conditions of the account. The terms of Mr M's account say that in certain instances Barclays can close accounts with immediate effect or by providing 60 days' notice. And it doesn't have to provide a reason for doing so.

Barclays has provided evidence, which I have considered but can't share with Mr M, which shows to me that its decision to close the account was fair and reasonable and also nothing other than a legitimate exercise of its commercial discretion. I wouldn't look to interfere with that so I will not be asking Barclays to reopen the account. Our rules allow us to receive evidence in confidence. We may treat evidence from businesses as confidential for a number of reasons - for example if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information that we considered should be kept confidential so, as I said, I won't be sharing a lot of detail with Mr M but I'd like to reassure him that I've considered everything.

I have also considered the relevant terms and conditions and the facts of this complaint, and I don't think Barclays was acting in line with its terms when it closed Mr M's account with immediate effect. I didn't think any of the terms that apply to immediate closures applied in this case. And for that reason, I think Barclays should have given Mr M 60 days' notice before closing his account and I think this is something it should pay Mr M compensation for. From what I've seen, Barclays agrees with this.

I think Barclays should pay Mr M £150 for the distress and inconvenience the immediate closure caused him. Mr M had to rearrange all his direct debits at very short notice when in

fact he should have had 60 days to do so. Also when he initially attended a branch to withdraw his funds he wasn't able to and had to wait a few weeks after the account was closed. I think Barclays should also pay interest for the period the funds were unavailable to Mr M. I have not awarded any more compensation as I do consider that Barclays' decision to close the account was reasonable.

Mr M said he was initially concerned about the impact the closures could have on his credit score. He hasn't provided any evidence that it was impacted so I won't consider awarding compensation for this. As I said above, I understand that he had to move his direct debits which was inconvenient. And that one of his card providers initially charged him a late payment fee and said it would withdraw a promotional 0% interest free period but I understand it has since reviewed this decision so Mr M hasn't been impacted in this regard.

I understand Mr M wants Barclays to explain the reason it decided to close his accounts. But Barclays doesn't have to disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr M the reasons behind the account closure as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr M this information. And it wouldn't be appropriate for me to require it do so.

Mr M said Barclays didn't provide a written response to his complaint. From what I have seen it has provided a written response albeit this was very brief and said the complaint had been resolved when Mr M didn't feel that was the case. So, I can understand his frustration. But I don't think this stopped him from bringing his complaint to us as Barclays provided the appropriate referral rights. So this isn't something I will be awarding further compensation for. For completeness I will say that the letter was addressed to Mr M and sent to the correct address so, on balance, I think Barclays did enough to make sure it was received.

Finally, Mr M has asked for an apology from Barclays but this isn't something I will ask it to do. I don't think a forced apology would have much meaning at this stage.

My final decision

For the reasons above, I have decided to uphold this complaint. Barclays Bank UK PLC must pay Mr M £150 compensation for the distress and inconvenience it caused him. It must also pay 8% interest per year simple on the balance which was in his account from the date of closure to the date he was able to withdraw those funds.

If Barclays Bank UK PLC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 March 2024.

Anastasia Serdari
Ombudsman