

The complaint

M, a limited company complains that Barclays Bank UK PLC closed its bank account without reason. M want Barclays to provide a proper explanation and reopen the account. M also want Barclays to pay compensation for the financial losses it suffered as a result of its account being closed.

M's complaint has been brought to our service by its director, Mr G.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

For this complaint M has appointed representatives, but for ease of reading I'll only refer to Mr G throughout this decision.

The bank took similar actions in respect of several other companies under Mr G's control, but I will address those separately. This decision will focus on the closure of M's accounts by Barclays.

M had a business current account with Barclays. In June 2022, Barclays reviewed M's account. Following this, Barclays decided to close M's account.

Barclays wrote to Mr G on 12 July 2022 giving M 60 days' notice to make alternative banking arrangements. The account was closed in September 2022. During the notice period M could use its account normally.

Mr G was shocked and upset to discover that Barclays had decided to close M's account. He complained to Barclays and asked the bank to provide an explanation why it no longer wanted M as a customer, but Barclays wouldn't provide him with much information.

Mr G appealed Barclays's decision to close M's account. Barclays reviewed its decision but maintained its position. Mr G complained to Barclays. He said he wants a proper explanation why the bank closed M's account and wants the account reopened. He said he suspects Barclays closed M's account because of his race and business links with Russia. He says it is no coincidence that all accounts, not just M's, that Mr G had with Barclays were closed. And that he is the common denominator.

In response, Barclays apologised for any inconvenience the account being closed caused M, but it said it hadn't done anything wrong and had closed the account in line with the terms and conditions.

Unhappy with this response, Mr G brought M's complaint to our service where an investigator considered it. He said that following Barclays decision to close M's account he hadn't been able to secure accounts for M or any of his other businesses. He said as a result M had suffered financial losses in the region of £150,000, because of the lack of a bank account had led to him being unable to run his business. Mr G also said that following

Barclays closing M's account, he suffered a domino effect of personal and business accounts he held with other banks being closed.

The investigator asked Barclays to provide more information about why it had closed M's account. The investigator reviewed the information that Barclays submitted and said that Barclays hadn't done anything wrong when it had closed M's account. So, she didn't uphold the complaint.

Mr G disagreed. In summary he said that he suspects there is more to the matter and wants to know the reasons behind the bank's decision to close M's account. He maintains that he has been a victim of discrimination by the bank. And that Barclays actions led to other accounts he held with different banks being closed.

As no agreement could be reached the matter has come to me to decide.

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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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. This means I haven't been able to share a lot of detail with Mr G, but I'd like to reassure him that I have considered everything he and Barclays has said before reaching my decision.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

As the investigator has already explained, Barclays has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm. Barclays will review accounts to comply with these responsibilities. That may lead to Barclays asking a customer for more information about transactions, how an account is being operated, and the individuals involved. Sometimes, following a review, banks can decide to close accounts.

I've considered the basis for Barclays's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Barclays acted fairly and reasonably when it completed its review.

I understand that Mr G wants Barclays to explain the reason it reviewed M's account in the first place. And I can see that Mr G asked Barclays to explain itself on several occasions. But Barclays doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr G the reasons behind the account review, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr G this information. And it wouldn't be appropriate for me to require it to do so.

I've next gone on to consider whether Barclays acted fairly when it closed M's account. The terms and conditions of M's account set out that Barclays can close M's account by providing two months' notice. And in certain circumstances immediately. In this case I can see that Barclays wrote to Mr G on 12 July 2022, giving M the full notice period. So, I'm satisfied that Barclays has complied with this part. I know that Mr G has said that the amount of notice was inadequate, given the number of accounts that were closed at the same time. And he's pointed out that this was a business account. So, he needed more time to make alternative banking arrangements. But I don't agree. I'm satisfied that two months' notice was reasonable.

I've next considered Barclays's reason for closing the account. In doing so, I appreciate that Barclays is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Barclays should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Barclays has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr G due to its commercial sensitivity. But I've seen nothing to suggest Barclays's decision around closing M's account was unfair. On balance when considering Barclays's wider regulatory responsibilities and all the information available to me, I find Barclays had a legitimate basis for closing M's account and not tell Mr G why. So, I don't find Barclays treated M unfairly when it closed its account. And I won't be asking Barclays to reopen M's account. As I'm satisfied that Barclays haven't acted inappropriately, it wouldn't be appropriate for me to award M any compensation.

I understand Mr G wants Barclays to explain the reason it closed M's account. It can't be pleasant being told you are no longer wanted as a customer. And I appreciate that Barclays decision caused M a great deal of inconvenience because it had to look to arrange another bank account. But Barclays is under no obligation to tell Mr G the reasons it no longer wants M as a customer as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr G this information. And it wouldn't be appropriate for me to require it do so.

That's because Barclays is entitled to close an account with M just as Mr G is entitled to close M's account with Barclays. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed.

I know Mr G says that he is a victim of discrimination by Barclays. He believes Barclays closed M's accounts on the grounds of his ethnicity. He says his best guess for the reasons behinds Barclays actions, is because he was born in Russia and has associations with Russian clients and businesses. In his submission, Mr G has pointed out that he is a British citizen, and the individuals and clients M is involved with are not subject to any sanctions against Russia. So, he says Barclays decision to close M's account is completely outrageous, arbitrary, and discriminatory.

While I can appreciate this M G's perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr G has said when deciding what I

think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that Barclays treated Mr G, as director of M unfairly.

While I appreciate how Barclays closing M's account made Mr G feel, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Barclays would have treated another customer with similar circumstances any differently than Mr G. So, I can't say Barclays treated Mr G unfairly because of his ethnicity.

Finally, in his submissions Mr G has set out that he has had other accounts that he held with different banks closed. He says Barclays actions has led to this domino effect of accounts being closed – he's checked and has a clean record with Cifas, the UK fraud prevention agency, so he believes that the problems he is encountering with other banks started with Barclays closing his accounts.

As I've said above, each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts. And I can't comment on the actions or decisions of another bank. But I've not seen any evidence that the problems Mr G encountered in relation to his other bank accounts had anything to do with Barclays decision to close M's account, for example I've not seen any evidence that Barclays recorded any adverse markers against M or Mr G.

In summary, it's clearly caused M inconvenience when Barclays closed its account. So, I realise Mr G will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't say Barclays treated M unfairly when it reviewed and closed its account. So, I won't be asking Barclays to do anything to resolve M's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

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

Sharon Kerrison
Ombudsman