

The complaint

Mr W complains that Barclays Bank UK Plc (“Barclays”) closed his accounts without notice and that it was unable to provide him sufficient information when he contacted it about this.

What happened

On 13 May 2023 Mr W discovered there were restrictions in place on his three Barclays accounts. Each showed a negative balance of approximately £500,000. He was concerned he might’ve been the victim of fraud and contacted Barclays several times over the next six days to ask why the balances of his account had been changed and requesting the return of the £5,000 he had in one of the accounts.

Barclays responded on 19 May 2023 to explain the accounts were under review which is why the balances were showing in this way.

On 23 and 24 May 2023 Barclays made the decision to close Mr W’s accounts with immediate effect. It wrote to Mr W to let him know this and provided details of how he could access any funds that remained in the account. At the same time Barclays responded to Mr W’s complaint about the action that had been taken on the account. It explained it was entitled to do this in line with its obligations and the terms of the account.

Mr W’s money was returned to him on 5 June 2023, three days after he provided the valid identification requested by Barclays.

Mr W brought the complaint to our service. He was unhappy with Barclays decision to close his account and felt it needed to provide details of why this decision had been made. He also said he hadn’t been paid the correct amount of interest due on the funds that had been in his savings account. He said he wanted compensation for the distress and inconvenience caused by leading him to believe his accounts were overdrawn by such significant amounts and the general poor customer service throughout the review.

I issued my provisional decision earlier this month. I said that:

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. It’s then for me to decide whether it’s fair to rely on evidence that only one party has seen. It’s not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we’ll then decide if it’s fair to rely on it. Here, the information is sensitive and on balance I don’t believe it should be disclosed. But it’s also clearly material to the issue of whether Wise has treated Mr W fairly. So, I’m persuaded I should take it into account when deciding the outcome of the complaint.

Was Barclays acting fairly in restricting and later closing Mr W’s accounts

I’ll start by setting out some context for Barclays’ review of Mr W’s accounts. Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to

protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account.

The terms of the accounts also permit Barclays to block an account. This means Mr W is entitled to block and review an account at any time. Banks and financial businesses are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Mr W's account say that in certain instances Barclays can close the accounts with immediate notice and it doesn't have to provide a reason for doing so.

I understand Mr W wants Barclays to explain the reason it blocked and closed his account. It can't be pleasant being told you are no longer wanted as a customer. But it doesn't disclose what triggers a review of their accounts to its customers. It's under no obligation to tell Mr W the reasons behind the account review and block, as much as he'd like to know. It's also under no obligation to provide Mr W with the reasons it no longer wants him as a customer. So, I can't say it's done anything wrong by not giving him this information. And it wouldn't be appropriate for me to require it to do so.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

Barclays can only close accounts without notice in certain circumstances and if it's in the terms and conditions of the account. It's relied on the terms and conditions when closing Mr W's accounts and, it has provided supporting evidence to show why the terms and conditions it's relied on are applicable in this case. Having reviewed this information, I'm satisfied it has acted fairly in closing his accounts without notice. Whilst I can't disclose more information about this to Mr W I hope I can provide assurance that his account wasn't closed for an improper reason.

Did Barclays provide sufficient customer service

As I've outlined above I accept that there is a level of concern and inconvenience where a business decides to close an account, especially where there is a period of review. But for the reasons I've also outlined above, this is something businesses are entitled to do where necessary. And in this particular case I'm satisfied Barclays was acting reasonably. So I'm not going to recommend Barclays compensate Mr W for the restrictions or closure of his accounts.

But it's clear from his contact with Barclays that Mr W was very worried when he discovered his accounts were overdrawn by a total of £1.5 million. He's said he was concerned he'd been the victim of fraud and his existing mental health conditions were made worse due to this worry. And whilst I can see Barclays did respond and inform him the high negative balance was simply due to the review it was carrying out, this was six days after he raised concerns.

So Mr W spent six days believing his accounts were £1.5 million overdrawn and that he no longer had access to the £5,000 he had held in one of the accounts. I can see this would've been worrying for Mr W and I think Barclays reasonably ought to have let him know the accounts were simply under review sooner. As it didn't I think he has been caused

unnecessary worry and I've taken this into account when considering what compensation I think is appropriate overall in this case.

Did Barclays act fairly in relation to the money in Mr W's savings account

Mr W presented valid identification to Barclays in branch on 2 June 2023 and his money was returned to him on 5 June 2023, three days after valid identification was received and I think this time frame is reasonable. Mr W was unhappy with this delay and felt the money should've been returned to him immediately.

Barclays is entitled to set its own policies around what information it required from Mr W in order to release the funds to him and comply with its obligations. I don't think it's unreasonable it asked Mr W to provide it with a valid form of identification before the funds could be released. I also don't think it's unreasonable that it wouldn't accept the first form of identification he provided - a passport that had expired several years earlier.

Once it received valid identification it carried out the checks it felt were necessary and returned his money to him within three days. I think this is a reasonable timeframe.

Mr W had £5,000 in the savings account he held with Barclays which was closed on 24 May 2023. When the account was closed and the funds were returned to him he says he was only paid interest up until 10 May 2023 rather than until the date the funds were returned to him.

As I've outlined above, Barclays' decision to close Mr W's accounts was a fair and reasonable one. Mr W had around £5,000 in an interest bearing account and I think it's reasonable that he should continue to accrue interest on the funds until the point the account was closed.

I don't accept Mr W's position that this should be paid interest until the funds were returned to him. As I've outlined above, Barclays has acted reasonably in making the decision to close Mr W's account and his money should only accrue interest while in an interest bearing account. I've also outlined above that I think Barclays handled the return of Mr W's funds reasonably. It will always take some time to arrange the checks required and the return of funds. Any delay in this case appears to be because Mr W initially presented an expired form of identification rather than the valid form he later provided.

Overall, as I've mentioned, there will always be some level of inconvenience when an account is closed at short notice. Because I don't think Barclays has acted unfairly in closing Mr W's account, it's not responsible for the expected and usual amount of inconvenience that's come about as a result of this.

Should Barclays be liable for additional interest

I can see the investigator in this case also asked Barclays to pay 8% simple interest on the interest they felt was due to Mr W and that he'd been deprived of. I don't agree this would be payable in this case.

As a service, where appropriate, we might award 8% simple interest - which reflects the statutory interest awarded in judgements - in a situation where someone has been deprived of funds they likely intended to use during the period they were deprived of them. This amount of interest reflects a range of situations that are difficult to quantify or to predict. For example, they may have needed to borrow money in the absence of the funds they were deprived of and interest may be payable on this.

But this doesn't apply to money held in savings accounts. The nature of a savings account is that it holds money an individual doesn't typically need for daily or immediate use, and so they can put this aside in order to earn interest. The loss when someone is deprived of money they have or would have kept in a savings account is, in most cases, quantifiable and foreseeable – they would have lost interest on the funds at the rate applicable to the account.

I accept Mr W was unable to put any of the interest he didn't receive in another interest-bearing account. So he's argued he has lost out on the interest on this amount. The interest Mr W has been deprived of is likely less than £20 in total. So his concern is that he's been unable to accrue interest on this money while he's been deprived of it.

It's difficult to quantify what Mr W's actual loss is in relation to this amount given the variables involved – we don't know what he would've done with this money. I think we can reasonably assume he might've intended to place it in another interest bearing savings account similar to the one he'd held with Barclays. And on that basis, even if Mr W accrued interest on this amount from the date his accounts were closed up until the date of this decision, it seems Mr W's potential loss on that approximate amount of £20 would be no more than a few pounds.

Given all of this, I think £100 is fair compensation for the six days Mr W spent unsure of the correct balance of his accounts and covers the inconvenience and potential lost interest for the period he went without the unpaid interest.

The investigator has previously recommended £100 in compensation just for the six days he believe his account was overdrawn and Mr W didn't feel this was enough. But whilst I can see the situation would've been worrying, it's appropriate to balance this alongside the relatively short period of time he believed his accounts to be overdrawn and he'd lost access to his money. I think given this relatively short period and the relatively low monetary value of the interest he'd been deprived of, £100 is sufficient overall.

I can see Mr W has raised a number of cases brought by other individuals that our service has considered previously. He feels the circumstances of these other complaints are equal or very similar to his and as higher compensation has been awarded in those cases he should receive a higher award. Each complaint we deal with is considered on its individual merit. I'm satisfied the amount awarded in this case is appropriate.

Mr W responded to the provisional decision and said he didn't agree with my findings. He made a number of points in response that I've summarised below:

- £100 in compensation wasn't fair and I hadn't explained why I hadn't awarded more, especially given he felt in identical cases more money had been awarded
- He maintained the immediate closure of his account was unfair and mentioned changes in regulation that would be implemented in future in relation to this
- He felt Barclays had ruined his reputation which had caused other banks to close his accounts
- He felt the reduction of interest I'd recommended was unfair as he could've earned 10% on the money he'd been deprived of

Mr W also clarified that he didn't visit a branch to provide a copy of valid identification as I'd stated in the provisional decision.

Barclays had no further comments for me to take into account regarding the outcome reached. But, it asked for further detail around the interest payable which I've included below.

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've considered all of the additional comments from Mr W but I'm not persuaded, overall, to depart from the findings outlined in my provisional decision.

I'm satisfied Barclays has acted fairly and reasonably in relation to the review and closure of Mr W's account. Whilst in response to my decision he's again said he doesn't feel its actions were fair, he hasn't provided any new, material information that has change my view on this point. I don't have any further comments regarding this or any further information to add. The findings and reasoning in my provisional stand.

With regards to Mr W's comments about his reputation with other banks, my role in this complaint is to consider the actions of Barclays in line with its obligations at the time of the event complained about. So I can't comment on any action any other banks have taken in relation to Mr W's accounts, this is something he would need to take up with these other banks separately.

Mr W also commented that future changes in regulation will mean banks will be unable to take this kind of action going forwards. I'm satisfied I've reached my decision taking into account the relevant law, regulatory rules and guidance, relevant codes of practice and good industry practice in place at the time of Mr W's complaint.

I understand Mr W might be disappointed with the reduction in interest I have awarded. But I'm satisfied I've explained why I've made this change in the provisional decision. As I've said, overall, I'm satisfied the amount I've awarded is in line with our approach as a service.

In response to the provisional decision Mr W has now said he would've earned 10% on the funds he's been deprived of. He hasn't provided any detail around how he would've earned 10% interest on these funds. I'm not aware of any savings account that would've offered Mr W 10% interest during the period he was deprived of funds and I've noted that Mr W had been keeping the money in a savings account with an interest rate far lower than 10%. If he could've been earning this amount in interest it's not clear why he wouldn't have already been doing this with his money.

It may be that he feels this 10% profit would've been as a result of investment, but if so this loss is speculative rather than guaranteed. And I would again point out that Mr W wasn't investing the money before Barclays closed his accounts, it was in a savings account. So I don't think there is much to evidence, other than his testimony now, that he intended to do something else with the money.

I would also again highlight the amount Mr W was deprived of was less than £20. And whilst any amount can have an impact depending on someone's individual circumstances, I don't think Mr W has provided any persuasive evidence or information that not having this amount of money had a significant impact on him. Overall Mr W's response to the provisional decision has not persuaded me more interest should be paid to him.

I understand Mr W feels he should receive more compensation. I don't agree. I think I've clearly set out in the provisional decision, included above, that whilst he thought he might've been targeted by fraudsters, and believed they'd been able to incur debt on his accounts to

the amount of £1.5 million, he thought this for six days before it was clarified this wasn't the case. I think £100 fairly reflects this short time period and I think it also compensates him for any potential lost interest he might've reasonably earned on the less than £20 he was deprived of.

I've again considered Mr W's concerns that 'identical' cases to his have included a higher payment of compensation. I don't think it's likely that any other case would have identical circumstances to Mr W's case, but I would also point out that it wouldn't be possible for Mr W to know this in any event. Whilst he might've seen published decisions that involve similar issues, he won't know the full details of the case the decision relates to. But in any event, as I've already explained, each case is reviewed based on its individual merit. So other, unrelated complaints aren't relevant here.

I've acknowledged above that Mr W has clarified he didn't provide a copy of his identification in person, in branch as I said in my provisional decision. I've taken this into account when making my final decision. But how he provided this identification is immaterial to the complaint. So whilst I have taken this into account it hasn't impacted my decision.

Putting things right

Mr W had £5,000 in a savings account with Barclays. It is my view that Mr W is entitled to all of the interest his money would've accrued on the account at the applicable rate between the date the account was opened and the date the account was closed. So this should be paid to him in full.

Mr W has said Barclays didn't pay him all of the interest he accrued on his account while it was open. Barclays hasn't provided a breakdown of what interest has been paid but appears to have accepted that the interest accrued on the account hasn't been paid up until the date the account was closed. So, as outlined in my provisional decision, this needs to be corrected and any interest Mr W hasn't received should be paid to him.

I understand that most, or potentially all, of the interest he accrued from the date the account opened until it closed has already been paid to Mr W. This is why I've set out in my provisional decision that all of the interest accrued on the account while it was open should be paid, less the amount already paid to him.

Essentially Barclays now needs to calculate if any interest, at the rate applicable to the account, has been left unpaid during the period outlined above based on the account balance. According to Mr W, the interest has only been paid up until 11 May 2023. If any amount is still outstanding, this needs to be paid to Mr W in settlement of this complaint. No additional interest should be applied to this amount.

- Barclays should pay the interest accrued on the funds held in Mr W's savings account from the date it was opened until the date it was closed at the rate applicable to the account, less the interest already paid to him
- Barclays should provide a breakdown of its calculations to Mr W showing the interest accrued and paid to him
- Barclays should pay Mr W £100 compensation in acknowledgement of the distress

and inconvenience caused

My final decision

I uphold this complaint in part and direct Barclays Bank UK Plc to pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 October 2024.

Faye Brownhill
Ombudsman