

The complaint

Ms S complains that Barclays Bank UK Plc unfairly closed her accounts without notice. She'd like to be compensated for the inconvenience this caused.

What happened

The facts of this case are well known to both parties, so I'll only cover them briefly here.

Ms S held an account with Barclays. In June 2022 they wrote to her to say they'd be closing her account with immediate effect, and she would need to make other banking arrangements. They didn't provide a reason for the closure. Shocked by this Ms S raised a complaint with the bank.

Barclays responded, saying the closure had been abrupt and they should have given her the 62 days' notice outlined in the terms of the account. They said they couldn't give her any more information on the reason for the closure. But they paid her £100 compensation to make up for the disruption.

Unhappy with this Ms S referred her complaint to our service. She said payments she'd been expecting had bounced back, and she'd lost out on interest. Before it was assessed by our investigator Barclays offered an additional £50 to resolve the complaint, which she declined.

Our investigator thought the increased compensation offer was reasonable. But Ms S disagreed, saying she thought £500 was more appropriate.

As no agreement could be reached the complaint has been passed 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.

Broadly, Barclays have commercial discretion as to who they wish to provide accounts to. And it will generally be up to the bank whether they wish to stop providing banking services to their customers. Our service wouldn't generally interfere with this decision, so long as the decision was made in line with the terms of the account, and not irrational or made for seemingly discriminatory reasons.

Barclays aren't under any specific obligation to explain to Ms S why they've closed her account, and in this case have declined to do so. But they have provided an explanation for our service. I'm satisfied the rules of our service allow us to treat this information as confidential, so it wouldn't be appropriate for me to detail these in full. But I can say that I'm persuaded this was a legitimate commercial decision that Barclays were entitled to make. So, I can't say the closure was itself unreasonable.

Barclays have already accepted that the manner of the closure wasn't reasonable. The terms say that the notice period should have been at least 60 days. So, I've gone on to consider the impact of the lost notice period on Ms S.

I note from the statements that Ms S regularly transferred money in and out of the account, although it doesn't look like this account was used for day-to-day spending or for regular ongoing commitments, such as energy bills or financial services. Ms S has confirmed she had accounts elsewhere at the time.

Ms S has highlighted payments into her account were returned, but I as she had accounts elsewhere this could have been mitigated somewhat. Although she would have had to do this at short notice, which will have increased her inconvenience.

I can see the account balance was nil by close of business on the day that Barclays closed it, so I'm satisfied Ms S' funds weren't unfairly withheld from her, and this didn't amount to a significant ongoing issue for her.

Overall, I've not seen any specific losses to Ms S from having her account closed with no notice, but I agree it will have been inconvenient and distressing for her to suddenly find herself without an account she'd made regular use of. Overall, I'm minded that £150 is a fair reflection of the impact on her.

My final decision

My final decision is that Barclays Bank UK Plc must pay Ms C an additional £50 to the £100 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 8 April 2024.

Thom Bennett
Ombudsman