

The complaint

Mr O complains that Barclays Bank UK PLC ('Barclays') unfairly closed his bank account. He wants Barclays to reopen his account.

What happened

Mr O had a bank account provided by Barclays. He also had a joint account with his wife, but this decision relates only to the Barclays account held solely in Mr O's name. This account was a basic bank account.

Mr O said that on 22 June 2023 he found he couldn't access his account. He said he called Barclays and Barclays said it had decided to close his account. Barclays said it sent Mr O a letter saying it had decided to close his account immediately. Barclays later said its decision had been to close Mr O's account immediately but due to a processing error it hadn't closed the account until 17 July 2023. Barclays also closed the joint account Mr O held with his wife.

Mr O complained to Barclays. In response Barclays said it had decided to close his account after conducting a review. It said it wasn't wrong to close his account, but it should've given him more notice. Barclays said it would pay him £100 in recognition of the stress and inconvenience it caused by not giving more notice. It also said Barclays hadn't recorded any detrimental information about Mr O which would prevent him opening an account elsewhere.

Mr O referred his complaint to this service. In summary he said he'd kept his account in good order. So it was unreasonable for Barclays to close his account immediately. He said the immediate closure of his account meant he no longer had a bank account and his credit file was negatively affected. He said he didn't have time to rearrange his direct debits, including his mortgage. And he'd been caused significant stress and inconvenience. He wanted Barclays to reopen his account.

One of our investigators looked into Mr O's complaint. In summary, she said when it closed Mr O's account Barclays had acted fairly and in line with its terms and conditions and legal and regulatory obligations. She'd looked at the evidence provided and thought the circumstances for closure had been met. She said banks weren't required to give reasons to customers when they closed accounts in these circumstances. She added that Mr O had accepted £100 compensation from Barclays and she didn't think further compensation was warranted.

Mr O didn't accept the investigator's view. He said the investigator hadn't said what the circumstances were in which banks didn't have to give customers reasons for closing an account. And he said he hadn't received the £100 compensation from Barclays.

The investigator checked with Barclays and was told the £100 had been paid on 12 July 2023 into an account held by Mr O with another bank. She asked Mr O to let her know if he hadn't received it. Mr O didn't reply to that.

And the investigator said the circumstances in which a bank didn't have to give reasons were circumstances in which the bank closed an account in line with its terms and conditions.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

I issued a provisional decision in which I said I was minded not to uphold Mr O's complaint. I said I'd consider any further comments or evidence provided by the parties to the complaint. Neither Barclays nor Mr O provided anything further.

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'm not upholding the complaint. I'll explain why.

Mr O said the decision by Barclays was unreasonable because he kept his account in good order, for example not overdrawing funds. But the terms and conditions – and Barclays' wider legal and regulatory obligations – set out that there are a range of factors Barclays can and must consider in deciding whether to close a customer's account. A factor such as not overdrawing funds doesn't obligate Barclays to keep a customer's account open if it has other reasons to close the account.

I've taken into account that the account Mr O had with Barclays in his sole name was a basic bank account. A basic bank account is a type of current account intended for people who don't have and don't qualify for standard current accounts. To be eligible for a basic bank account an individual shouldn't already hold an account in the UK with the features of a basic bank account.

When closing Mr O's basic account, Barclays had to consider the terms and conditions of the account and also the Payment Accounts Regulations 2015. Amongst other things the regulations specify when an account provider can close a basic bank account. They permit closure in certain circumstances only, such as certain circumstances involving the conduct of the account and the way it's used, or circumstances in which the consumer has access to another UK account which provides at least the same level of services offered by a basic bank account and which was opened after the consumer's basic bank account was opened.

The Payment Account Regulations 2015 form only part of a much broader regulatory landscape which firms like Barclays need to consider when making decisions in relation to accounts. So I haven't considered them in isolation.

On balance when considering everything, including Barclays's wider regulatory responsibilities and all the information available to me, which includes how Mr O was using the banking services Barclays provided to him, I find Barclays had a legitimate basis for closing Mr O's account immediately and not telling him why. So, I don't find Barclays treated Mr O unfairly when it closed his account.

In response to Mr O's complaint Barclays said it should've given Mr O more time. But, as I've said, in my view Barclays had the right – under the terms and conditions and taking into account its legal and regulatory obligations – to close his account without notice.

I know Mr O wants Barclays to reopen his account. But Barclays hasn't acted unfairly or unreasonably so I have no basis to ask Barclays to take any action to put things right. For

the same reason I can't hold Barclays responsible for any difficulties Mr O had with his direct debits or with other providers of financial services when his Barclays account was closed.

Overall, I can understand Mr O's disappointment at being unable to continue banking with Barclays. But I can't say Barclays has acted unfairly or unreasonably in this instance. So I'm not asking Barclays to do anything further.

My final decision

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 26 July 2024.

Lucinda Puls
Ombudsman