

The complaint

Mr I complains that Barclays Bank UK PLC closed his current account and left adverse information on his credit file.

What happened

Mr I had an account with Barclays Bank. In September 2023, Barclays decided to close the account without notice. It also advised that it had withdrawn his overdraft, and asked him to repay the balance as soon as possible. Mr I did so a few weeks later, but in the meantime Barclays had applied a late payment marker to his credit file. Mr I complained to Barclays, who told him it had closed the account following a review – but that it couldn't give him a fuller explanation because the criteria it uses to decide to close accounts are confidential.

Our investigator looked at this. She thought that Barclays had closed the account in line with its terms and conditions – but thought Barclays hadn't fairly recorded late payment information on his credit file. She recommended Barclays remove the late payment marker and pay Mr I £50 for the inconvenience this caused.

Barclays agreed with the investigator. Mr I disagreed: he thinks he should get more compensation, reflecting that he's been a loyal customer for 25 years who has done nothing wrong, and the time he spent trying to sort things out.

As the investigator couldn't resolve matters informally, the complaint has been referred 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.

The terms and conditions that applied to Mr I's account said Barclays could close an account if it gave the customer at least two months' notice – and in some cases could do so immediately. The overdraft was repayable on demand, and where Barclays closed an account immediately, the terms and conditions said it could also end any arranged overdraft immediately.

Based on what I've seen, I'm satisfied that Barclays was acting in line with the applicable terms and conditions when it closed Mr I's current account and demanded repayment of the overdraft.

I appreciate Mr I would like to know more about why Barclays did this. But where Barclays closes accounts in these circumstances it doesn't need to give reasons, and nor would it be appropriate for me to tell Barclays to share those reasons with Mr I, much as he'd like to know.

I've next considered the late payment marker. Barclays sent Mr I notice that it would close the account on 26 September – and Mr I says he received it a few days later. At this point

the overdraft facility was withdrawn and Mr I was asked to repay it in full. Barclays then applied the late payment marker on 1 October. Mr I paid off the balance in full on 11 October.

A credit file is supposed to be an accurate reflection of the way a consumer manages their account. I'm satisfied that Mr I was willing and able to repay the overdraft in full – it's just that the overdraft facility was withdrawn just a few days before the end of the month. The investigator asked Barclays to remove the late payment marker, and Barclays has agreed.

The investigator also recommended Barclays pay Mr I £50 to reflect the trouble and upset this all caused. I've thought about whether Barclays needs to do more. Where we award compensation for distress and inconvenience, this isn't to punish the business but to reflect the impact of the business's actions. I've concluded that Barclays was entitled to close Mr I's account: some of the inconvenience Mr I experienced – such as having to find a new current account and account for his business – would have occurred in any event. Mr I hasn't shown that the late payment marker otherwise had an impact on him. In the circumstances, I think £50 is fair compensation in the circumstances of this complaint.

Taken together, I'm satisfied that what Barclays has offered to do is a fair resolution in the circumstances of this complaint. So that's what I'm going to tell Barclays to do in this decision.

Putting things right

Barclays Bank UK PLC should:

- Remove the late payment marker in connection with the overdraft, and
- Pay Mr I £50 to reflect the distress and inconvenience it caused

My final decision

I uphold the complaint. Barclays Bank UK PLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 2 August 2024.

Rebecca Hardman
Ombudsman