

## **The complaint**

Miss T has complained that Barclays Bank UK PLC (“Barclays”) closed her account shortly after her current account application had been approved.

Miss T is unhappy with Barclay’s actions and says that it has not explained why it closed her account so soon after it’d approved her application. Miss T is concerned that Barclays’ decision may have been based on her race or ethnicity.

## **What happened**

Miss T applied online for a current account with Barclays on 6 June 2023 and the application was approved. Miss T was sent information about her new account and a debit card, but she then received a letter from Barclays, dated 8 June 2023, saying that her account had been closed.

Unhappy with this, Miss T complained to Barclays as she wanted to understand the reasons for Barclays’ decision.

In response to the complaint Barclays explained that although the account application was approved based on initial checks, its account opening process involves further follow-on checks.

Barclays explained that Miss T’s application did not meet the eligibility criteria of the additional checks, which resulted in the account being closed. Barclays explained that a number of criteria are used when deciding whether to approve a consumer’s account application, but it says that race is not a factor involved in such a decision.

After Miss T referred her complaint to this service, one of our investigators assessed the complaint and they were unable to find that Barclays had done anything wrong or had acted unfairly or unreasonably towards Miss T.

As Miss T was unhappy with the investigator’s conclusions, the matter was referred for an ombudsman’s decision.

## **What I’ve decided – and why**

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Barclays 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, to ensure it has accurate and up-to-date information about its customers and to prevent and detect financial crime. It’s common industry practice for firms to conduct a review on a customer and/or the activity on an account. Banks 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 of the account.

In this instance the terms of Miss T's accounts say that in certain instances Barclays can close accounts with immediate notice and by providing 60 days' notice to a customer. And it doesn't have to provide a reason for doing so.

Shortly after Miss T opened her account, Barclays wrote to Miss T on 8 June 2023, explaining that it had closed her account and that she'd need to make alternative banking arrangements.

I understand Miss T wants Barclays to explain the reason why it closed her account. I recognise that it can't be pleasant being told you are no longer wanted as a customer – especially when Barclays had only just approved Miss T's account application. I also recognise that it can be concerning in case there is something amiss with the information (e.g. on a credit file) that can be accessed by financial businesses when completing such checks. But Barclays doesn't disclose to its customers what triggers a review of their accounts. Nor is it under any obligation to tell Miss T the reasons behind the account review and the subsequent account closure - as much as she'd like to know.

So, I can't say Barclays has done anything wrong by not giving Miss T this information. And it wouldn't be appropriate for me to require it do so.

In terms of its decision to close the account, I should explain that 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 assessments 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. But financial businesses shouldn't decline to open an account or close an existing account without proper reason, for instance because of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

As outlined above, Barclays can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Barclays has relied on the terms and conditions when closing Miss T's account. The terms explain that the bank can close the account without notice.

However, Barclays still needs to provide information to this service so we can fairly decide a complaint. Barclays has provided information about why it no longer wanted Miss T as a customer and closed her account. Having reviewed that information I'm satisfied that it did so fairly.

I note that Miss T has concerns that the reasons why her account was closed may be due to her race or ethnicity. I appreciate how Barclays closing her account made Miss T feel and her perspective on why Barclays took the actions it has. But 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 how it treated Miss T. So, I can't say Barclays treated Miss T unfairly because of her ethnicity.

I recognise that it is frustrating for Miss T to not know the specific reasons why Barclays decided to close her account so soon after it'd been approved. But I am satisfied that Barclays has acted within the terms and conditions of the account in deciding to close Miss T's account. I am also satisfied that Barclays has acted fairly and reasonably in the circumstances.

As a final point, I understand that Miss T is concerned about the impact this may have on her credit file and is concerned whether there is anything on her credit file that may impact future account applications. If Miss T has any concerns, I would suggest she obtain a copy of her credit file from one of the credit reference agencies, to better understand what information exists about her, in her credit file.

### **My final decision**

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 26 February 2024.

Thomas White  
**Ombudsman**