

## **The complaint**

Mr and Mrs K complain Barclays Bank UK PLC (“Barclays”) closed their accounts without notifying them due to errors it made.

Mr and Mrs K say Barclays’ actions have caused them substantive financial loss, distress, and inconvenience. To put things right, they want compensation commensurate with the impact Barclays’ failings have had on them.

## **What happened**

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

Mr and Mrs K held four accounts with Barclays from the time they lived in the UK. Mr and Mrs K held around £63,000 in these accounts - predominantly from their UK pensions. Barclays closed Mr and Mrs K’s accounts in September 2022.

In September 2022, Mr and Mrs K received their regular statements from Barclays in their country of residence. The statements showed nil balances. As Mr and Mrs K hadn’t removed their funds, they attempted to contact Barclays to see what had happened.

Mr and Mrs K were unable to find out what happened, so they sent correspondence using an international courier service. Despite the letter being delivered a few days later, Mr and Mrs K say they still didn’t hear from Barclays for at least two weeks.

Mr and Mrs K were then able to get through to Barclays’ customer services department in early October 2022. They discovered Barclays had been sending them letters to a previous correspondence address in the UK, informing them their accounts were being closed in six months’ time. The first letter was sent in February 2022. The letters’ explained Barclays were doing so as it was limiting the banking services it was providing customers who lived in the EEA (European Economic Area).

Mr and Mrs K say they never received these letters and Barclays have made a significant error in sending them to an old correspondence address in the UK - an accountant’s firm they formerly used. Mr and Mrs K can’t understand why Barclays did this given it had been sending them statements periodically to their correct address abroad.

After speaking to Barclays, Mr and Mrs K travelled to the UK in November 2022 and attended a branch appointment. This was arranged on this call in October 2022. Mr and Mrs K say they were told the only solution to resolve this issue was for them to travel to the UK and go into branch. As their funds were held in Barclays’ internal accounts, Mr and Mrs K needed to provide documents for verification. Mr and Mrs K provided these to the branch in their meeting.

Mr and Mrs K say they were told the process of transferring their funds to their nominated account abroad could take up to 12 weeks. Mr and Mrs K continued to chase Barclays up

and were later told in early 2023 that they would need to send copies of personal documents to Barclays for verification. Mr and Mrs K say they had already provided this at their November 2022 meeting in branch.

Mr and Mrs K's funds were transferred to them in February 2023. But from the time they realised their accounts had been closed and funds moved into internal accounts, they had complained. Barclays upheld their complaint. In short, some of the key points Barclays made in its responses were:

*January 2023 response:*

- With the UK leaving the EU, Barclays has had to review the services it offers to customers within the EEA
- Barclays sent Mr and Mrs K letters about its decision to close their accounts in February, May, and August 2022. It also tried to call them in June and August 2022
- Barclays needs more information to process their reclaim request

*March 2023 response:*

- Barclays has made errors in dealing with Mr and Mrs K's account closures. The file which contained their submitted documents was internally corrupted which meant it couldn't proceed with their claim
- Barclays understands it had sent the closure notification letters to an old address. And it had attempted to call Mr and Mrs K about the closures but were unsuccessful
- Because of the delays and errors, Barclays is upholding Mr and Mrs K's complaint. It has paid £1,328.97 into their account. This is made up of £240 for the distress and inconvenience its caused, the rest is compensatory interest less tax

Unhappy with Barclays, Mr and Mrs K referred their complaint to this service. In addition to the key points they'd already raised, they argue Barclays' compensation award falls way short of what would be required to put things right.

In summary, Mr and Mrs K said they should be paid compensation of around £46,000. In the main, this is based on:

- A refund of their travel and related costs for having to come to the UK to attend a branch appointment
- Cost of using an international courier service to send correspondence to Barclays
- Lost interest on their funds
- Compensation for being deprived of access to their funds
- The overdraft costs they incurred on another of their accounts during the time they didn't have access to the funds in their Barclays account which they would otherwise have utilised
- The distress and inconvenience they've suffered in dealing with this matter
- Loss caused by asset sales, including quarterly dividends from investment products, and having to take on higher loan commitments

One of our Investigator's looked into Mr and Mrs K's complaint. They recommended the complaint be upheld. In summary, their key findings were:

- In principle, Barclays' decision to close Mr and Mrs K's accounts was fair. But it's

expected to provide suitable notice and opportunity for them to make alternative arrangements

- Barclays accept its error meant the address for regulatory correspondence, like the closure letters, wasn't updated correctly. Though account statements were being sent to the correct address abroad. So Mr and Mrs K weren't aware there was an issue with correspondence
- Barclays have shown contact attempts were made, but outdated contact details were being used
- Barclays had not received the information needed to move the funds before the closures, so they moved the funds into internal accounts. Barclays have shown the reclaim process for funds moved in this way could be completed in several ways
- Barclays has provided the call when Mr K spoke to their agent about travelling to the UK. The agent explained Mr and Mrs K would need to write to Barclays to get their issue looked into and submit the required documents.

At no point in the call did the agent say the only option was to travel to the UK. Mr K suggests coming to the UK, and then is helped getting an appropriate appointment

- Mr and Mrs K did provide the information required for the reclaim process in branch in November 2022. So Barclays should have released the funds in a reasonable time thereafter. But system issues contributed to additional delays, distress, and inconvenience
- Although there had been an initial error by Barclays, Mr and Mrs K didn't use all methods available once they knew about their account closures to mitigate further impact
- But had Barclays provided the required notice correctly, Mr and Mrs K would've moved their funds before they were closed on 4 September 2022. So the delays, distress any inconvenience could've been otherwise avoided. Barclays hasn't compensated Mr and Mrs K fairly for this
- To reach a fair resolution Barclays should pay an additional £200 to Mr and Mrs K, bringing the total to £440. It should also pay 8% simple interest on the funds held from 4 September 2022 until they were released on 24 February 2023
- Barclays can't be held responsible for the other costs and consequences as claimed by Mr and Mrs K

Barclays accepted our Investigator's recommendations. Mr and Mrs K didn't. In short - and avoiding any repetition - they made the following key points:

- They have shown the financial losses of Barclays' failings. And this should be seen as gross negligence
- Mr and Mrs K fulfilled any obligation on their part by using different methods to contact Barclays given they called and sent correspondence
- The agent on the October 2022 call didn't send the form to Mr and Mrs K, so it was safer and quicker to give all required information to Barclays and travel to the UK. Barclays failed to respond to their correspondence in a timely manner on several occasions. Because of this, and the urgency given interest they were incurring on

loan payments, travelling to the UK was the only way to get the matter resolved

- A further £200 compensation to bring the total to £440 is insufficient given the many months Mr and Mrs K spent trying to recover their funds
- After carefully re-evaluating what fair compensation should be, Mr and Mrs K calculate this at £33,280. They have provided a breakdown of how they reached this figure
- The mobile telephone numbers Barclays say it used to call Mr and Mrs K when it decided to close their accounts are wrong. Barclays could have sent them an email

As there is no agreement this complaint has been passed to me to decide.

### **What I've decided – and why**

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr and Mrs K and Barclays have said before reaching my decision.

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 have decided to uphold this complaint in part. I'll explain why.

Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Barclays and Mr and Mrs K had to comply with, say that it could close the account by giving him at least two months' notice. Barclays provided Mr and Mrs K with six months' notice of its intention to close their accounts.

To my mind, Mr and Mrs K haven't complained about their accounts being closed for the reason it was, but more about how this decision was communicated and the poor service and administration that followed. But for the sake of completeness, I'm satisfied Barclays didn't do anything wrong when deciding to close their accounts for the reasons its given.

That brings me onto the crux of the complaint. That is whether Barclays failed to notify Mr and Mrs K fairly and reasonably about their accounts being closed, and if not, what fair compensation should be.

Firstly, Barclays accept it sent the closure notification letters to an incorrect address as it hadn't properly updated its systems. Barclays internal system notes show that it tried to call Mr and Mrs K about this but were not able to get through.

Mr and Mrs K say these are incorrect telephone numbers. I've not looked into this any further, because Barclays say the closure letters were regulatory correspondence. So its

failure to send them to the correct address, despite knowing what that was, is enough for me to find Barclays failed to properly inform Mr and Mrs K about their account closures.

Had Barclays done so, its more than likely Mr and Mrs K would've transferred their funds to their account in the country they live in before the accounts were closed on 4 September 2022. But as Mr and Mrs K didn't plan to move these funds until they noticed the nil balances on their statements in late September 2022, I don't think Barclays should be held responsible for any deprivation to the access them until the accounts closed.

Mr and Mrs K say Barclays should pay their travel costs for having to come to the UK. I've listened to this call very carefully and note Mr and Mrs K were told they should write to Barclays and send the required information to reclaim their funds. I also note it was Mr K who proposed the idea of coming to the UK and going into a branch as its the safest thing to do. Mr K also says the appointment date ties in with when they had aimed to travel to the UK in any case.

Given what I've heard, I'm not persuaded Mr and Mrs K didn't have any other choice but to come to the UK to sort the reclaim of their funds out. It appears they were planning to travel to the UK around that time for Mr K's birthday. So I won't be asking Barclays to refund any travel costs they incurred by doing so.

Mr and Mrs K have listed several consequential losses they say they've incurred due to not being able to use the funds held in their Barclays accounts. I'd like to assure them both that I have carefully considered what they've said about this and looked at how they've calculated this.

Having done so, it is this service's usual approach to award 8% simple interest where consumers have unfairly been deprived of access to funds they would've otherwise have utilised. I see no reason to depart from this position here. I would add too that the losses Mr and Mrs K have cited are also quite removed from what I think is reasonably foreseeable.

The earliest I can determine Mr and Mrs K would've had their funds and weren't likely to use them is the 4 September 2022. Because of this I think it should pay 8% simple interest from this date until they were released to Mr and Mrs K in February 2023. I note Barclays appear to have already paid Mr and Mrs K some interest on their funds. This should of course be deducted to ensure Mr and Mrs K aren't over compensated.

Mr and Mrs K say Barclays should pay for their courier costs. But doing so was their choice when they could have used an inexpensive way to correspond. So I won't be asking Barclays to refund these costs.

What is clear is that Barclays' error in not sending the closure letters to the correct address has led to Mr and Mrs K suffering distress and inconvenience in getting their funds returned to them. The funds were substantive and related to pension savings, so I can understand why the balances showing a nil balance would've alarmed and caused distress.

I also can see that Barclays did cause substantive delays. Though compensation for being deprived of the funds has already been addressed, I accept this in of itself coupled with the numerous attempts to make meaningful contact caused considerable distress and inconvenience. After carefully weighing everything up and taking into account our service's approach to such compensatory awards – which is available on our website – I'm satisfied £440 in the round is fair compensation.

Barclays, as I understand it, has already paid Mr and Mrs K £240. So it only needs to pay a further £200.

## **Putting things right**

To put things right, Barclays must:

- Pay Mr and Mrs K 8% simple interest on the funds it held from 4 September 2022 up until settlement\*
- If Barclays has already paid Mr and Mrs K some compensation for the period they were deprived of access to their funds, this should be deducted from the amount above
- Pay Mr and Mrs K £440 in total for the distress and inconvenience its actions have caused. If Barclays has paid £240 of this already, it now only needs to pay £200

\* If Barclays considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs K how much it's taken off. It should also give Mr and Mrs K a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

## **My final decision**

For the reasons above, I have decided to uphold this complaint in part. Barclays Bank UK PLC must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs K to accept or reject my decision before 27 September 2024.

Ketan Nagla  
**Ombudsman**