

## The complaint

The trustees of a pension scheme trust which I'll call 'E' complain that Barclays Bank UK Plc unfairly treated their account as a dormant account and subsequently closed it. This caused them a financial loss.

## What happened

E held an account with Barclays which was taken out in late 2017.

E told us:

- The account was taken out on behalf of the pension scheme trust. Barclays was fully aware of this when the account was opened so it would have known there would be periods of inactivity when investments were being undertaken.
- They weren't aware their account had been treated as dormant and then closed until they had tried to liquidate some assets to move back into the account and noticed it wasn't available.
- As a result of Barclays closing their account, they hadn't been able to liquidate their assets as planned. And shortly after, those assets had decreased in value by around £370,000.
- The significant loss of value of their assets meant the trustees were unable to proceed with a planned investment purchase that had been agreed in October 2021 - at a preferential purchase price. As the trust didn't have enough funds to go ahead, the investment was sold to another party.
- They had complained to Barclays, but it hadn't taken any action with their complaint between February and August 2022 which had impacted the performance of the trust.
- They wanted Barclays to indemnify the trust for the losses it had incurred to date, as well as future investment losses they'd incur because of the bank's actions. They also wanted compensation for the distress and inconvenience caused to the trustees.

Barclays told us:

- Its process is to declare accounts dormant if they are left inactive for a certain period of time. In E's case, they hadn't had any transactions through their account since April 2020.
- It had sent a letter to E by post and via their online banking on 17 November 2021 saying that it intended to close the trust's account on 14 February 2022 due to a lack of activity. The letter also said that if any transactions were made through the account prior to 4 February 2022, the account would remain open.

- As it hadn't received a response to the letter, and no transactions had been made through the account before the deadline, it had closed E's account. So, it didn't think it had done anything wrong.
- E said the letter was sent to the wrong address. However, it had been using the same address for the trust's monthly statements and hadn't been asked to change the address. A copy of the letter had also been available on E's digital and mobile banking.
- As per its process and the notification given to E in the dormancy letter, it had moved the small credit balance in the trusts account to an internal account. E was able to raise a dormancy claim for the return of the funds in writing or by going to a local branch at any time.

Our investigator didn't recommend the complaint be upheld. He acknowledged that E said they hadn't received the dormant account letter from Barclays. But he didn't think the bank could have foreseen the consequences of making the account dormant, nor was it responsible for external factors regarding E's intended purchase, so it wasn't fair for it to be held responsible for any losses. He said it was reasonable that Barclays started the dormancy process on E's account as there hadn't been any activity since April 2020. The investigator was also satisfied that the bank had followed its dormancy process and the dormancy letter had been sent to E.

E didn't agree. They said the account wasn't dormant and the account balance was low due to investments, which Barclays would've been aware of as this was a usual cycle since they'd held the account. E also said that they'd still been paying fees for the account and that the bank had taken the trust's funds which were ringfenced and this was illegal. So, they asked for an ombudsman to review the complaint and the case has been passed to me to decide.

I issued a provisional decision on 12 March 2024. I said the following:

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've provisionally decided to order Barclays to compensate the trustees for the inconvenience they have suffered. But I am not intending to make an award for investment loss. I'll explain why.

I acknowledge E's trustees feel strongly about what's happened. They've provided a lot of information and testimony in support of the complaint. I've read and considered everything they have provided, however, in this decision I've not commented on each and every point they've raised. I don't mean this as a discourtesy, this is simply due to the informal nature of this service which allows me to do so. The key complaint here is in essence that E's trustees feel Barclays closed the trusts account unfairly, and caused them a financial loss.

E says that that their account shouldn't have been treated as a dormant account in the first place as the account history wasn't any different since the account had been opened. Barclays initially told us that it was the bank's process is to close business accounts which are inactive for a certain period, and that it had contacted E about their account being dormant, so it hadn't done anything wrong.

However, after the case was passed to me to review, Barclays has confirmed that it was aware E's account was a pension scheme trust account, and would have

periods of dormancy. It has also agreed that it made a mistake when setting up E's account, and that the account should have been excluded from its dormancy closure process. In view of this, Barclays has since reinstated E's account and returned the credit balance. Therefore, the focus of my decision is how Barclays should put things right.

E says that because Barclays closed their account, they couldn't liquidate an investment asset and therefore couldn't make a planned investment purchase. I've seen evidence from E that they planned to make the investment purchase, so I'm satisfied that this was the trustee's intention. But, despite my request, E hasn't been able to demonstrate how the closure of the Barclays account prevented them liquidating their assets.

The trust said that the asset they planned to sell dropped significantly in value, and had it not been for the bank they'd have sold their shares. But I'm not persuaded that's the case as E showed the asset value dropped by £370,000 but this was on 21 February, and the trust hadn't accessed their online banking between 10 February and 22 February – after the share's value decreased. Given that E told us that they only held assets of £4,500 elsewhere, I think it's likely they were unable to purchase the new asset as they didn't have sufficient funds after the investment loss – rather than because Barclays closed their account.

I think it's also worth noting here that E says they were already experiencing issues with the signatories on the account and had raised this with their Barclays Relationship Manager ('RM'). They provided evidence of their contact in October 2021 - however it doesn't appear that there has been any contact with the bank or RM after this date - despite E saying how important the new investment purchase was and that they weren't able to liquidate assets because of the bank.

Furthermore, whilst I acknowledge that Barclays shouldn't have closed the account on 14 February as it was a pension account. I have seen evidence that the bank wrote to E in November 2021 about the dormancy of their account, and gave them three months' notice of its intention to close the account - but the trustees didn't take any action to contact the bank to query this. If they had done so, I think it's likely the error with the account set up would have been identified before E's account was closed. I recognise that E's trustees says that they didn't receive the dormancy letter from November 2021, and without proof of postage or receipt it's not reasonable to accept this was sent. But I've seen a copy of the letter and case notes from the bank from when it was issued so I'm satisfied this was sent.

The account terms and conditions say that the bank will write to the most recent postal address it is given, unless something is returned as undelivered – which wasn't the case here. But, even if I wasn't persuaded the letter had been sent by post, I've seen that a copy of the letter was uploaded onto E's online banking on the same date it was sent and that it was available until the account was closed. I've also seen the online banking audit which shows that E's trustees accessed the online banking six times from when the letter was uploaded until the account was closed. So, I think they ought reasonably to have been aware that their account was likely to be closed on 14 February 2022 if they didn't take any action and I think they could've mitigated any impact before the account was closed.

However, it clear that E was caused inconvenience after their account was closed. I can see that the trustees did explain to Barclays that the account was for a pension scheme and therefore would have periods of dormancy. However, the bank focused on the account closure, rather than considering whether the account had been set up

correctly in the first place. I can see that the trustees have repeatedly contacted Barclays, and that there were periods as long as six months where the bank doesn't appear to have taken any action to resolve the issues E was experiencing. This also limited any actions that the trustees could take for the pension scheme during that period. Therefore, I think Barclays should pay the trust £500 compensation for the inconvenience caused by not having account access for nearly two years as a result of the bank's error.

I invited E and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays accepted the decision and didn't have any further comments. E didn't accept the decision. They said in summary:

- They had two trustees, and one of them still didn't have online access so it was incorrect to say the trustees had logged into online banking.
- The online banking audit must have referred to the new account as they had provided 'real evidence' showing the trust only had electronic statements and that no letter was received, or indeed uploaded in 2021.
- They had been prevented from liquidating their assets as all monies to and from the pension are strictly controlled. If Barclays had taken action in October 2021 as agreed, then the money could have been released into their solicitor's account.
- Barclays had admitted it made an error with their account and should be held to account for their losses. The bank still hadn't fixed the issues with the account that they'd experienced from 2020 onwards.
- Having the pension fund destroyed wasn't an inconvenience, it was a total loss. Barclays has acted illegally and because of the bank's actions, they hadn't been able to pay their financial adviser and pension expert, so both had resigned.

### **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've reached the same conclusion as I did in my original decision.

Firstly, I need to make clear to E that my role here isn't to fine or punish a business for making a mistake. Nor, is it to say that one party's evidence is 'real' and the other is not. My role is to look at all the evidence from both parties to come to a fair outcome – and I'm satisfied that's what I've done here.

Barclays has admitted that it made an error in how it set up the trust's account which means it was incorrectly closed. It has apologised for this, reinstated the account, and agreed to pay £500 compensation for the inconvenience caused. I understand from E that when the provisional decision was issued, the small account balance hadn't been returned to their account and the account was not back in the position it should have been. However, Barclays has confirmed that the funds have now been returned to E's account. So, I remain of the opinion that the bank has done enough to put things right here.

I recognise that there are strict rules that must be applied when dealing with a pension account, and that E may be concerned about any future impact. However, the trustees haven't provided any evidence to show there has been any impact, and I can't make an

award for something that hasn't happened. I'm also not persuaded that Barclays has acted illegally here, the bank made an error which it has subsequently put right, and I haven't seen anything that suggests that should HMRC, or the relevant pension regulator require an explanation or confirmation of destination of E's funds at any point, that the bank wouldn't assist with this.

In fact, given E's concerns about encountering issues from the pension regulator, or HMRC about the tax implications to the pension fund, Barclays has agreed to provide E with written confirmation of its error. Barclays has also agreed that should E encounter any penalties or issues - subject to the related evidence being provided to the bank - it will look to reimburse and provide the required assistance to the pension fund to explain the error that took place.

E says that Barclays is responsible for destruction of the pension fund because they weren't able to liquidate their assets when they needed to for their investment purchase. But I don't agree that the bank's action prevented the purchase. E says that 'but for' the closure of their account, they would have liquidated assets in October 2021 and transferred funds to their solicitors account. However, E's account was still open in October 2021, the dormancy letter wasn't sent until November 2021 and the account wasn't closed until February 2022. Therefore, E could've liquidated the assets prior to this – but they chose not to.

Instead, it appears that E's inability to proceed with the planned investment was because the value of the assets that they planned to liquidate, had fallen so dramatically in such a short space of time that the liquidation wouldn't have generated enough funds to proceed with the intended purchase – rather than because of the bank's error.

E also says that Barclays hasn't resolved the log on issue for one of the trustees so that they can authorise payments. As I said in my provisional decision, I can't see that this has been raised with the bank as a complaint, or that the bank has been made aware of this since October 2021. Our service has approached E for supporting information about the issue that the trustee is experiencing as Barclays has told us it will look to assist E so their account can function correctly. E can also contact the bank directly now that the account has been reinstated. If the trustees don't receive a satisfactory response to their concerns, they may be able to bring this issue to our service as a new complaint.

I'm sorry to disappoint the trustees as I know they feel strongly about E's complaint. But based on what I've seen, I'm not persuaded that Barclays is responsible for the financial loss they claim. And I'm satisfied that £500 compensation is enough to put things right.

### **My final decision**

My final decision is that I instruct Barclays Bank UK Plc to pay E £500 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 17 May 2024.

Jenny Lomax  
**Ombudsman**