

The complaint

Mr K complains Barclays Bank UK PLC (“Barclays”) blocked and closed his account. He also complains Barclays withheld his funds and returned a large part of them to source.

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.

In December 2023, following a review, Barclays blocked Mr K’s account and asked him for evidence of his entitlement to funds that had been paid into it.

Mr K said most of the funds - around £15,000 - were from a friend he had taken a loan from, which he had to pay back within a month. Mr K provided Barclays with some information which he says shows he was entitled to the funds.

Barclays asked Mr K for more information and continued to restrict access to his account. Mr K was allowed to access any salary or benefits during this period. On 21 December 2023, Barclays sent Mr K notice that it had decided to close his account with immediate effect. Barclays continued to withhold the money whilst it carried out its review.

Unhappy Mr K complained. Barclays upheld Mr K’s complaint in part. In summary, the key points it made were:

- It has made errors for which it would like to offer Mr K £350
- Barclays should have given Mr K 62 days’ notice to close his account which would have allowed him to make alternative banking arrangements
- All of Mr K’s funds, around £22,900, will be moved to one of Barclays’ internal accounts. Mr K provided insufficient information to show he was entitled to the funds. So Barclays won’t release the funds at this stage

Mr K referred his complaint to this service. Mr K explained he needed the funds urgently as his mother was seriously ill abroad. He says he needed the funds to travel to her and to support her with critical treatment. Sadly, Mr K’s mother passed a short while after.

One of our Investigator’s looked into Mr K’s complaint. Initially they recommended it be upheld as Barclays had failed to provide this service with sufficient information. But Barclays later responded and sent the information it was requested to provide. Our Investigator then said that based on what they’d seen, they weren’t upholding Mr K’s complaint. Some of their key findings were:

- Barclays acted in line with its obligations when reviewing and restricting Mr K’s account. Based on the information Barclays has provided it didn’t cause any undue delay during its review. Barclays didn’t need to explain why it took these actions

- Barclays' decision to close Mr K's account was fair. Barclays did acknowledge it should have given Mr K 62 days' notice and has paid Mr K £350 compensation for the inconvenience caused. This was fair and reasonable
- Barclays acted in line with its obligations when blocking Mr K's access to the funds
- Barclays returned around £7,860 to Mr K. But in relation to the remaining £15,000, which Mr K had explained was a loan from an individual, Barclays has acted fairly in returning those funds to the source account
- As the funds in question were always going to be repaid to the lender, Mr K hasn't shown he's lost out financially. Mr K hasn't provided evidence of the collateral he says he put up for the loan. The collateral being sold was a result of the loan not being repaid which was part of the agreement between Mr K and the lender. Any dispute about this is between both parties
- They sympathise with Mr K's circumstances and what happened with his mother, but they can't see Barclays acted unfairly

Mr K didn't agree with what our Investigator said. In summary, the key points he's made are:

- There was a loan agreement between Mr K and the sender and there was collateral involved. That collateral relates to precious stones gifted to Mr K by his late mother and were valued at around £50,000. So he has lost out financially
- The seller has benefitted from the sale of the stones and having the £15,000 returned to them from the loan. Barclays has interfered with the loan agreement by taking the actions it did
- He isn't concerned about the account being closed as that was set out in the terms
- Barclays had no right to return the funds to source without disclosing this to him first

As there is no agreement, this complaint has been passed 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.

Having done so, I've decided not to uphold this complaint. I know this will disappoint Mr K, and I'd like to assure him that I haven't undervalued the difficult circumstances he has had to face. So, I'll explain why.

Restrictions and closure

Banks in the UK, like Barclays, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Barclays has explained and provided me with evidence to show why it restricted and reviewed Mr K's account. Having carefully considered this, I'm satisfied Barclays had done so in line with its obligations.

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 K had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information Barclays has given me, I'm satisfied it was entitled to close the account in the way it did. So to be clear, I'm persuaded it was entitled to close the account immediately.

Return of funds to source

I've looked very carefully at the information both Mr K and Barclays have sent me relating to the proof of entitlement exercise that was carried out. Barclays has also provided me with details of its concerns.

I can understand why Mr K feels strongly about the funds being returned and what he says about losing his collateral. But despite this, I'm persuaded Barclays had reason enough to return the funds to the source account. So I won't be asking it to return these funds to Mr K.

I note Mr K has alluded to this being a contractual dispute with his friend – the lender. I also note that there is nothing expressly said about the collateral – precious stones – and their value on the loan agreements he has sent. This therefore may be a civil dispute between both him and his lender. My role is to decide whether I think Barclays has acted fairly in the actions it's taken – including returning the funds to source. And as I've said, I think it has.

I know Mr K would like a detailed explanation of why Barclays took the actions it did. But Barclays is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information we consider should be kept confidential.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 August 2024.

Ketan Nagla
Ombudsman