

## **The complaint**

L, a limited company, complains that Barclays Bank UK PLC blocked and closed its account. It asks that Barclays provides a proper explanation for its actions and pays compensation.

L is represented by its director Mr H.

## **What happened**

In September 2019 Barclays blocked L's account.

Mr H discovered that L's account was blocked when he tried to use his bank card to make a payment which was declined. Mr H contacted Barclays to find out what was happening with L's account. Barclays told Mr H that it had placed L's account under review. And asked him to provide information about the funds in L's account. Whilst it completed its review Mr L was unable to access the money in L's account.

Barclays decided to close L's account immediately and wrote to Mr H on 6 October 2019 to let him know he'd need to make alternative banking arrangements. At the time L's account balance was just over £117,000. Barclays asked Mr H to provide proof of entitlement to the funds in L's account. Barclays completed its review on 15 November 2019 and said Mr H could access the closing balance of the account if he went into a branch with some identification.

Mr H happened to be in a branch on 15 November 2019 when he found out he was able to access L's funds. However, when he tried to access the money in L's account Barclays told him that he couldn't take the money out of the account. And he'd have to go back to the branch on the following day. Mr H went back into branch on 16 November 2019 as advised but was again told he wasn't able to access the money and to come back the following day. Mr H then made another two trips on 17 and 18 November 2019, each time being told to come back the following day and that no notes had been placed on file to authorise the release of the funds.

On 20 November 2019, a member of staff noticed Mr H was again in the branch and that he had been in branch for several days running trying to sort things out. So, they contacted Barclays head office to arrange the release of L's closing balance. Barclays issued Mr H with a cheque for the balance of L's account on 20 November 2019.

Mr H asked us to investigate L's complaint. He said the block and closure of L's account had caused his business a great deal of inconvenience. He explained that he was unable to do any business as customers couldn't pay deposits into L's blocked account. And he couldn't pay for supplies. Mr H says the review caused him financial difficulties and stress as he was unable to pay L's tax bill. So, he wants Barclays to pay compensation.

One of our investigators reviewed L's complaint. He thought Barclays hadn't done anything wrong when it blocked and closed L's account. He said they'd acted in line with their legal

and regulatory obligations. But he thought Barclays had caused Mr H, as director of L, inconvenience when it told Mr H, he would be able to access L's funds, when this hadn't been arranged properly. So, Mr H had to make unnecessary repeated trips to a bank branch. He said Barclays should pay Mr H £150 compensation. Barclays agreed. Mr H didn't. He wants Barclays to provide an explanation why it blocked L's account. And says the £150 doesn't adequately reflect the amount of inconvenience L suffered.

So, the matter had 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.

It's clear from what Mr H has told us and the bank that he feels very strongly about L's complaint. I've read and considered all of Mr H's submissions regarding his complaint, but I'll concentrate on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think it is the right outcome.

I appreciate that Mr H is upset that Barclays blocked and closed L's account. I can also understand that this was no doubt stressful for him especially as the bank's actions made it difficult for him to manage L's finances including taking deposits and paying for supplies. But for me to uphold this complaint, I must be satisfied that the bank has done something wrong. And in this case, I don't think it has. I'll explain why.

I understand Mr H feels Barclays should have told him that L's account was being reviewed and why it's accounts were blocked – instead of Mr H discovering L's account was blocked when his bank card was declined. And I want to make it clear that I understand why what happened concerned Mr H. And I've no doubt it would've come as quite a shock to Mr H. But Barclays has extensive legal and regulatory responsibilities they must meet when providing account services to customers, including accounts held by businesses. And to fulfil these obligations they may need to review activity taking place on accounts – by not doing so they could risk serious sanctions and penalties.

Barclays has said that L's account was blocked to meet these requirements. Having looked at all the evidence, I'm satisfied that Barclays was within its rights to review L's account and that it was entitled to block it while it carried out that review. So, I can't say the bank did anything wrong. The bank also wasn't obliged to tell Mr H why it was carrying out a review, and I don't believe it would be appropriate for me to require it to do so.

Looking at the terms of the account they permit Barclays to restrict access to accounts. So, although I understand not having access to L's accounts would have caused inconvenience to L, this is not something for which I'm asking Barclays to pay compensation.

I then turn to the bank's decision to close L's account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Banks should however, give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case Barclays closed L's account immediately. Having looked at all the information I think that was reasonable. So, it was entitled to close the account as it has already done.

*did Barclays act reasonably when releasing L's funds?*

Barclays said Mr H would be able to have the funds released to him on 15 November 2019 if he went into a branch with some identification. But when Mr H spoke to Barclays on the day, he was told this wasn't possible as L's account hadn't been updated by the relevant team to approve the release of the money. So, he was told to come back the following day. Mr H did as the bank instructed, and went back into branch on 16 November 2019, expecting to be able to access the money. However, Barclays still hadn't updated their notes so still couldn't release the funds. And told Mr H to come back on 17 November 2019, which he did. But again, Barclays hadn't updated things and told him to come back the following day. I've no doubt this created confusion and unnecessary inconvenience for Mr H having to make several trips to the bank, which took him away from his role as director of L and running his business.

L is a limited company – so it can't feel upset. I can't generally award compensation to third parties, such as directors. So, while L's representative, Mr H says he has suffered stress and upset, I can't award compensation for this. I also haven't seen any evidence that L has suffered financial loss.

But from looking at what happened when Mr H tried to gain access to L's funds, I'm satisfied that L did suffer unnecessary inconvenience – I say this because Mr H had to make repeated trips into branch which took him away from L's business activities - and the company can be compensated for that. On balance, I think £150 compensation for the inconvenience caused by Barclays's poor communication is fair and reasonable.

**My final decision**

My decision is that I uphold this complaint. I order Barclays Bank PLC to pay £150 compensation to L for the inconvenience caused by Barclays poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 28 April 2021.

Sharon Kerrison  
**Ombudsman**