

The complaint

Miss N complains Barclays Bank UK PLC (“Barclays”) blocked and then closed her accounts. Miss N is also unhappy Barclays held onto these funds causing her distress and inconvenience.

What happened

Barclays carried out a review of Miss N’s account in December 2020 after it received a payment of around £6,000. In doing so Barclays blocked the account. Around a month later in January 2021, Barclays decided to close Miss N’s accounts with immediate effect. A letter was sent to Miss N explaining this decision.

Miss N’s current, Child ISA and savings accounts were closed by Barclays. The funds held in them, totalling around £9,000 were withheld by Barclays.

Barclays sent its final response in February 2021, after Miss N had complained. Barclays said it would not provide a reason for the closure of the accounts. It added most of the funds will continue to be withheld – but that Miss N can access around £2,000 by going into a branch with proof of identity.

Barclays explained the funds being withheld related to a large payment into Miss N’s account in December 2020 - and they will continue to be held until April 2021. Barclays offered Miss N £200 for the inconvenience it had caused her.

Unhappy with what Barclays said, Miss N referred her complaint to this service. One of our Investigator’s looked into the complaint. In summary, they found:

- Barclays reviewed Miss N’s accounts in line with its obligations and the terms of the account
- Barclays isn’t obliged to provide any notice or explanation for carrying out a review or for closing the accounts
- Barclays have acknowledged its review went over its internal timescales by two days
- Unless there’s a good reason, this service wont usually say a bank must keep a customer that’s had their account closed
- Barclays had not conducted a thorough enough investigation and so closing the account immediately was not fair or reasonable. Miss N should have been given 30 or 60 days’ notice which would have allowed her to make alternative arrangements
- Barclays could have been more flexible in February 2021 when Miss N told it she couldn’t come into branch due to medical vulnerabilities to collect part of the funds – around £2,000 – that were being withheld. But Miss N hadn’t at that point been identified as a clinically vulnerable person due to COVID, so she wasn’t likely officially shielding

- Barclays later said it would give all the funds it was withholding back to Miss N. There were clear failings in Barclays' investigation and these funds should have been returned much earlier. Miss N had told Barclays these funds were from her children's fathers education fees – so they were not intended for her.
- To put things right, our Investigator recommended Barclays: give a written apology to Miss N; refund all of the funds; pay 8% simple interest on the amount separate from her partner's fees of around £2,000 - as the other funds were not intended for Miss N – from when Barclays should have released them until February 2022; and it should pay £350 compensation for the impact its errors caused

Barclays had previously made a pro-active offer through our Investigator. This included Miss N being given all the funds with simple interest being applied to them entirely, and £200 as compensation for any distress and inconvenience caused.

Miss N did not accept Barclays' offer, nor did she agree with what our Investigator said. In response she has said:

- Barclays should pay 8% simple interest on all the funds and not on part of them
- Not all the money sent to her on 24 December 2020 was for her partner's fees, some of it was for her household costs
- She was left without money over Christmas and had to borrow to get by. This matter almost broke her home and her two very young children were adversely affected. The compensation offered for the pain and suffering isn't enough

As Miss N did not agree with what our Investigator said, the matter has now been passed to me – an Ombudsman – 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 that, I've decided to uphold this complaint in part. I'll explain why.

Account review, block and closure

Banks in the UK 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.

Having looked at Barclays' reasons for carrying out the review, and subsequently blocking Miss N's access to the funds, I'm satisfied it acted in line with obligations placed on it – and in line with the terms of the account. Barclays are under no obligation to disclose its reasons.

Barclays say it should have released part of Miss N's funds which were not sent to the account by her partner's relative two days before it did. Miss N says she told Barclays she was unable to come into its branch as she was concerned about her health due to COVID and being vulnerable. Though Miss N wasn't clinically diagnosed as vulnerable, she's sent in information which shows she was advised to follow shielding guidelines from the relevant public health body.

Barclays' internal notes don't show it took any reasonable steps, or showed any flexibility, to send Miss N these funds in another way given she was in effect shielding. I'm persuaded it should have done more to help her, especially as those funds were not earmarked for her partner – but her living costs.

A bank is entitled to close an account just as a customer may close an account with a bank. But before a bank closes an account, it must do so in a way, which complies with the terms and conditions of the account. Under the terms of its accounts, Barclays exercised a provision to close the account immediately when it completed its review.

But from what I've seen, I'm not persuaded Barclays carried out enough of an investigation, including the source of funds it had concerns about, before deciding to close the accounts immediately or with more notice. So because of that, I'm persuaded Barclays should have given Miss N more time – typically 60 days – before closing the account. This in turn would have meant Miss N had more time to make alternative banking arrangements.

Given Barclays failed to carry out an investigation in the way I'd expect it to, it's possible it should have returned *all* the money to Miss N much sooner than it did. Because of that I think it's reasonable for Barclays to have returned all the funds to Miss N when it decided to do so in February 2021 – as that's how long it typically has said its investigations take, albeit a couple of days late in this case.

Miss N wanted a letter apology from Barclays – and it has said it will do this. So I don't need to make a finding on this point.

Miss N has questioned why our Investigator recommended Barclays only pay 8% simple interest on the portion of money held by Barclays which was separate to funds earmarked for her partner's educational fees.

Having given this some thought, I agree. That's because it's not Miss N who has been deprived of these funds, they were her partner's. Any loss on any potential earnings accrued on this portion of the funds, are not Miss N's. So I make no award of interest on any portion of the funds that didn't belong to her.

I note Miss N says some of the money sent by her partner's relative was for her as he contributed a quarter of the household's costs. I'm not placing any weight on this as it's something she's only mentioned after our Investigator reached his view. Nor have I seen any compelling evidence to support this altered assertion.

Distress and inconvenience

Miss N feels strongly she should be awarded more compensation than that recommended by our Investigator for the distress and inconvenience she's suffered. I've taken on-board that it was Christmas when the account was reviewed and blocked. But I've already said Barclays didn't do anything wrong by reviewing the account and blocking it while it did this. So, unfortunately, Miss N would likely have suffered the consequences of this up until Barclays should have properly concluded its own investigation.

I do however accept Barclays should have shown more flexibility in how it returned Miss N the money given her vulnerabilities. And I think having it returned sooner would no doubt have alleviated any distress and inconvenience. I've also thought about how this matter would have put strain on Miss N's relationships and reputation. I've further noted the impact Miss N has said this had on her health.

Having given this considerable thought, I'm satisfied £350 is fair compensation.

Lastly, I've picked up on a couple of statements Miss N has made about Barclays' treatment being prejudicial. That is, Miss N feels she was treated differently due to a protected characteristic. Having closely reviewed Barclays' internal notes, I haven't seen anything that shows Miss N was treated any different because of a protected characteristic.

Putting things right

To put things right, Barclays Bank UK PLC should:

- Refund all the money Barclays withheld from Miss N's accounts, if it hasn't done so already. I understand Barclays has agreed to do this by bank transfer
- Pay Miss N 8% simple interest on the portion of money which belonged to her and is separate to that which was sent by her partner's relative in December 2020. This should be paid from 14 February 2021 up until the money is paid back or when it was paid to Miss N
- Pay Miss N £350 for the distress and inconvenience caused

My final decision

For the reasons I've given above, I uphold this complaint in part. I now direct Barclays Bank UK PLC to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 23 September 2022.

Ketan Nagla
Ombudsman