

Complaint

Mr Y is unhappy that Barclays Bank UK PLC ("Barclays") closed his current account and savings account without notice.

Background

In April 2021, Barclays placed a block on Mr Y's account. It did this after it received a notification from a third-party bank that its customer had been scammed into sending funds to Mr Y's current account. After Barclays also received a similar report from one of its customers it decided to review Mr Y's account and closed it without notice at the end of April 2021.

Mr Y complained to Barclays. Barclays looked at Mr Y's complaint and didn't uphold it. As Mr Y remained dissatisfied, he referred the matter to our service.

One of our adjudicators looked into Mr Y's concerns. She didn't think that Barclays had a justified reason to close Mr Y's account without notice and thought that it needed to pay Mr Y £100 in compensation. Barclays disagreed and so the complaint was passed to an ombudsman for a final decision.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having carefully considered matters, I've decided to uphold Mr Y's complaint. I'll explain why in a little more detail.

I accept that Barclays, or any other bank for that matter, is under no obligation to continue offering an account to a customer if it doesn't wish to do so. So Barclays was perfectly entitled to take the decision that it no longer wanted Mr Y as a customer. But good industry practice suggests a bank should provide appropriate notice before closing an account, so as to allow the customer to make alternative arrangements with a different bank and I think that Barclays failed to do that here.

Barclays says that it didn't need to provide Mr Y with notice as terms and conditions for personal customers entitled it to close an account without notice. I've looked at Barclays terms and conditions for personal customers and as far as I can see, they only permit Barclays to close an account without notice in certain circumstances. One of those circumstances is where a customer commits (or attempts) fraud. Barclays believes that Mr Y did this here. But I don't agree that Barclays did have sufficient grounds to reasonably reach such a conclusion here.

I say this because although Barclays was entitled to review Mr Y's account and also block access to it for 15 days, after it received the notifications it did, it completed its investigation without obtaining Mr Y's version of events. I have to question how it could have fairly and reasonably assessed Mr Y's knowledge and intention and conclude he'd committed or

attempted fraud without giving him a chance to explain what happened - arguably this in itself is unfair.

Mr Y has since said that he and his ex-partner were selling goods online in January 2021 and February 2021. And Mr Y's bank statements do support his account having received a number of payments for this reason. So it isn't immediately apparent to me that the payments in question were unusual or out of the ordinary.

Furthermore, it's also worth pointing out that only two of the number of transactions which took place in January 2021 and February 2021 were flagged as potentially being fraudulent and I think that this is important here.

I think this is the case not because the activity on Mr Y's account suggests that he was only involved in two fraudulent transactions – after all as Barclays points out a single actual fraudulent transaction is enough to justify closing an account without notice, but because Mr Y had been involved in selling a number of items. And, in my view, this means there was a reasonable possibility that Barclays had received the notifications it did as a result of a misunderstanding, rather than because fraudulent activity had taken place.

Indeed, I note that both the notifications Barclays received said the payee of the funds had reported not receiving goods that they'd transferred funds to Mr Y for and Mr Y says he had the evidence to show that he'd sent the items in question. I think that Mr Y would have told Barclays this and provided the evidence had it asked him for his version of events during the course of its investigation. So I'm satisfied that Barclays' failure to ask Mr Y for his version of events led to it unfairly concluding that Mr Y had committed or attempted fraud.

Barclays has since said that it also had reason to close Mr Y's account because he's confirmed that he accepted payments for items his ex-partner had sold. I've thought about what Barclays has said, but I can't see that Barclays' terms and conditions for personal customers permitted it to close Mr Y's account without notice for this reason.

So while I accept that Barclays could close Mr Y's account because it decided it no longer wanted him as a customer, I'm not satisfied that it had sufficient grounds to close Mr Y's account without providing him with notice first.

As our adjudicator explained, Mr Y has explained that Barclays closing his accounts immediately and without notice caused him distress. He's said he had to go a branch and withdraw his money, he had to manually move all his direct debits and he also had to find another bank to open a new account with at very short notice.

I think that all of this would have been avoided if Barclays had treated Mr Y fairly and reasonably and provided him with reasonable notice before closing his accounts. As this is the case, I think that Barclays should pay Mr Y £100 in compensation for the distress and inconvenience its actions in unfairly closing Mr Y's account without notice caused.

Overall and having considered everything, I don't think that Barclays had sufficient grounds to close Mr Y's account without notice. As this is the case, I think that it was unfair for Barclays to Mr Y's account in the way that it did. So I'm upholding Mr Y's complaint and Barclays should pay Mr Y £100 in compensation.

My final decision

For the reasons I've explained, I'm upholding Mr Y's complaint. Barclays Bank UK PLC should pay Mr Y £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 21 July 2022.

Jeshen Narayanan
Ombudsman