

The complaint

Ms W complains that Barclays Bank UK PLC closed her account.

What happened

Ms W had an account with Barclays. In September 2020, following a review, Barclays closed the account and transferred £33.65 to a sundry account. Following the closure, Ms W found it difficult to open a new bank account. Dissatisfied, she complained to Barclays. Barclays looked at this and offered to pay Ms W £150. Ms W then referred the complaint to us. She wants to know the reason for the closure and to find out if Barclays Bank had applied any adverse information to her credit record.

Our investigator looked at all of this. She thought the business could have given more notice to Ms W before it closed the account. She recommended Barclays pay Ms W a further £150. She also recommended Barclays remove any adverse information it had recorded about the closure with external agencies – specifically a “misuse of facility” marker with the national fraud database Cifas.

Barclays didn’t agree. Ms W says she doesn’t actually want additional compensation – she just wants the adverse information removed.

As the investigator wasn’t able to resolve things informally, the complaint has been referred to me.

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.

Ms W has told us her main concern is the adverse information Barclays recorded about the closure with external agencies. But I’ve also considered the wider circumstances of what happened.

Financial businesses like Barclays are subject to a number of legal and regulatory requirements. These mean they need to monitor their customers’ accounts and transactions and may need to review accounts at any time. Based on what I’ve seen, I’m satisfied Barclays was acting in line with its legal and regulatory obligations when it reviewed Ms W’s account.

Following the review, Barclays closed the account. The terms and conditions that applied to Ms W’s account allowed it to close the account immediately in some circumstances. In all other cases, it needed to give two months’ notice. Looking at what happened here, I see that Barclays wrote to Ms W on 21 September 2020 to say it was closing the account immediately. Where businesses close accounts in these circumstances they don’t need to give reasons – and nor would it be appropriate for me to share these reasons with Ms W. But I’m satisfied that Barclays was acting in line with the terms and conditions of the account when it decided to close it.

I've next gone on to consider the adverse information Barclays reported about the closure. The guidance that applies in cases like Ms W's says that before Barclays does this it should have attempted to contact the consumer to find out what was happening. But I can't see Barclays did this. It appears it didn't try to contact Ms W to find out what had happened until it reviewed her complaint. We asked Barclays if it would now like to contact Ms W to investigate further, but it hasn't.

We then contacted Ms W to ask her for details about two payments into her account in July 2020, for £2,000 and £1,995.83. Ms W says that she'd received those funds to help pay for documentation. She's sent us a letter she received in July 2020. This said that in order to receive an inheritance payment of US\$500,000 from an account held in Nigeria, she'd need to apply for documentation costing £8,500. She says her legal representative at the time arranged for a friend to pay the money into her account to help her pay for this documentation. We've recently asked her for more details about this. She says she's now paid the £8,500 fee, but has experienced further delays in receipt of the funds.

I acknowledge the concerns Barclays has with the transactions Ms W has described. Ms W received payments from a third party, which she then appears to have transferred out of the account using a money remittance service – though it also appears, given the amounts she received compared to what she sent out, that she also sent some of her own funds as well.

But in order to register the "misuse of facility" marker, Barclays needed to be satisfied to the relevant standard that Ms W had been deliberately dishonest in receiving these payments. Having looked at everything, I'm not satisfied that Ms W was knowingly involved in anything wrong – I don't doubt Ms W honestly believes that the arrangement she's describe is real. So I don't think Barclays had sufficient evidence to record the marker and I think it was unfair for Barclays to have done so.

I've therefore thought about the impact this all had on Ms W.

Ms W says she had difficulties opening a new bank account – but now has an account elsewhere. I can see that applying the marker also caused Ms W distress and inconvenience. And I think some of this could have been avoided had Barclays carried out a thorough investigation at the time.

With this in mind, I think Barclays should arrange for the "misuse of facility" marker to be removed. I also think Barclays should pay Ms W the further £150 to reflect the further inconvenience it caused.

My final decision

For the reasons above, I uphold Ms W's complaint. Barclays Bank UK Plc should remove the misuse of facility marker it has recorded against Ms W, and pay her a further £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 14 October 2022.

Rebecca Hardman
Ombudsman