

## **The complaint**

A company, which I'll refer to as "M", complains that Barclays Bank UK PLC unfairly closed its bank account without warning.

Mr A is M's director, and brings the complaint on the company's behalf.

## **What happened**

Mr A wanted to obtain a Bounce Back Loan for M from Barclays. The company needed to bank with Barclays before it could apply for the loan – and while Mr A banked with Barclays, M did not. So the company applied for a business current account and one was duly opened in August 2020.

M then submitted a Bounce Back Loan application to Barclays and Mr A responded to the bank's various requests for information while it reviewed the request. The application was ultimately declined.

Barclays subsequently decided to close M's bank account. It did so with immediate effect on 16 October 2020. No transactions had been made through the account, so there was no money due to either M or the bank.

Barclays also decided to end its relationship with Mr A, and closed all of his personal accounts. Those actions are the subject of a separate complaint.

When Mr A complained to Barclays, the bank maintained its decision. It said it wasn't possible to provide its rationale, but that having reviewed this it was satisfied that the decision was correct. Barclays also said it was entitled to close an account at any time in line with the terms and conditions. But the bank accepted that it should've given Mr A notice of the closure, in order to make alternative banking arrangements. It offered £200 by way of apology.

Mr A didn't accept Barclays' offer, so he referred M's complaint to us and it was reviewed by one of our investigators. She said, in summary, that:

- Barclays had been entitled to withdraw its services and, having reviewed the basis of the bank's decision, she didn't think it had made an error in doing so.
- While recognising that Mr A wanted to know the reason for Barclays' decision, the bank wasn't obliged to provide this.
- As Barclays had accepted, more notice ought to have been given to enable M to make alternative banking arrangements. But for any inconvenience caused by the bank's failure in this regard, she thought that £200 was fair compensation.

Mr A didn't accept our investigator's view. He believed that the bank's decision was based on the Bounce Back Loan application and felt that the immediate closure of M's account in light of this – and his longstanding personal relationship with Barclays – was "bizarre". He

didn't think it was fair that the bank wasn't obliged to give a reason. And with regard to compensation, Mr A said it was clear that Barclays had made an error and so needed to do more to put things right. The immediate closure of M's account had, he said, meant that clients couldn't settle invoices and caused the company financial difficulty – although he didn't believe the extent of its losses could be quantified.

Mr A therefore asked that an ombudsman review the complaint, and it was 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.

Following a review of its relationship with M, Barclays decided to withdraw its banking services from the company. That was a decision it was entitled to make and I've not seen anything that suggests it was unreasonable.

I understand Mr A is unhappy that Barclays hasn't shared the reasons for its decision. But there is no requirement for it to do so. Such decisions are subject to some legitimate confidentiality, and I can't fairly compel the bank to share any more information about its decision than it already has. All I can do is reassure Mr A that Barclays has explained and evidenced its rationale to us and – having reviewed this – I don't think the bank reached its decision incorrectly or unreasonably.

However, although the terms and conditions of M's account gave Barclays the power to close it without notice once the bank had reached its decision, I'm not persuaded that it was reasonable to do so in the circumstances here. And Barclays has already accepted as much. Instead of closing M's account immediately, the bank ought to have given the company at least the two months' notice provided for within the terms and conditions.

It is right, therefore, that M is compensated for the impact of having its account closed immediately – rather than having two months in which to make alternative arrangements. The company was always going to have to open a new account elsewhere, but I can see that having to do so immediately would've caused it a greater level of inconvenience.

Beyond that, however, I've not seen that M has suffered any particular detriment. The company hadn't yet used the account, so there was no issue in reallocating funds or rearranging payment instructions. Mr A has said that being without the account caused a level of financial hardship, but he hasn't explained or evidenced what losses M incurred as a result of what Barclays did wrong. And it seems M was able to open a new account elsewhere by 23 October – within a week of the Barclays account being closed.

Taking all of this into account, I don't think there is any basis on which I could fairly require Barclays to pay M any more than the £200 compensation it has already agreed to pay.

### **My final decision**

For the reasons set out above, I uphold this complaint and require Barclays Bank UK PLC to pay M compensation of £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 27 February 2023.

Ben Jennings  
**Ombudsman**