

The complaint

Mr T complains Barclays Bank UK PLC (“Barclays”) closed his accounts and misinformed him about which one’s were being closed.

Mr T says this caused him substantive distress and inconvenience, and financial loss for which he wants compensation.

What happened

This decision only deals with accounts held in Mr T’s sole name. The joint account complaint is being dealt with under a separate reference number at this service.

In January 2021, Barclays sent a letter to Mr T which explained it had taken the decision to close his “*account(s) and facilities on 22/3/2021*”. Mr T held over 12 accounts with Barclays and wasn’t sure which accounts it was closing.

Mr T called Barclays on several occasions to find out which accounts were being closed. He was principally concerned about his sole current account which he used to make over thirty direct debit and standing order payments from.

When speaking to one of Barclays’ agents in the ‘*premier*’ accounts team about his sole current account, he was told only his joint account with his wife was being closed. Mr T says he didn’t use this account much – and suspected it was being closed as it wasn’t receiving regular payments into it.

Later in March 2021, after speaking to Barclays, he was told all his accounts – not just the joint account – were closed. Unhappy with what had happened, and the wrong information he was given about which accounts were being closed, Mr T complained.

Mr T was told the accounts couldn’t be reopened, but Barclays accepted its agent had made a mistake in telling him only his joint account would be closed. Mr T says he asked for £10,000 in compensation for being left without a current account and the trouble and distress this caused. Barclays offered Mr T £300 compensation – which he did not accept as a resolution to his complaint.

Mr T referred his complaint to this service. In addition, he argued that funds held in several of his accounts were being utilised to offset against his Barclays mortgage. And because of being given the incorrect information, he’s missed out on not being able to utilise those funds to offset against his mortgage.

Mr T has a ‘Mortgage Current Account’ (“MCA”) and a Mortgage account with Barclays and was utilising his savings and other funds to offset, and thereby make savings, on any interest he had to pay. Both of Mr T’s mortgage accounts, and another savings reserve account labelled ‘School Fees’ remain open - they were not closed by Barclays.

One of our Investigator’s looked into Mr T’s complaint. In summary they found:

- Barclays acted fairly, and in line with the terms and conditions of the account, when

closing Mr T's accounts

- Barclays did give appropriate notice of closure, but this was effectively rescinded when its agent told Mr T only his joint account was being closed. So, because of Barclays' error, Mr T wasn't given notice of closure
- Mr T believes this error has led to him missing out on savings due to not being able to offset his funds against the mortgage. But Mr T would only benefit from savings if he was in a credit balance – which he wasn't
- So Mr T wouldn't have made a saving by offsetting as the MCA was in a debit, and not a credit, balance
- Barclays' offer of £300 compensation for its error was fair given Mr T didn't miss any of his regular direct debit or standing order payments

Mr T did not agree with what our Investigator said about any financial losses in relation to his offset mortgage. He says he held plenty of funds in other accounts that would have offset against the mortgage and saved him on interest payments. He also did not feel £300 was fair compensation for the upset and trouble Barclays' actions caused him.

As Mr T didn't agree with what our Investigator said, his complaint has now 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.

Having done that, I've decided to uphold Mr T's complaint in part. My decision will disappoint Mr T, so I'll explain why.

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.

The terms and conditions of the accounts, which Barclays and Mr T had to comply with, say it could close the accounts by giving at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Barclays, I'm satisfied it was entitled to close the accounts in the way that it has done. I note Mr T would like to know why Barclays took this decision. But neither Barclays, nor I, are under any obligation, that I'm aware of, to do so.

As I said above, Barclays had written to Mr T to explain its actions in January 2021. And in doing so signposted him to the relevant part of its terms and conditions it was exercising this action under – section 11 of its agreement for personal customers.

This brings me onto the crux of Mr T's complaint. That is, he was left unsure by Barclays' notice of closure letter as to which of his numerous accounts were being closed. And because of the erroneous information he was given about this, he suffered financial loss, and avoidable trouble and distress.

Barclays has sent me several of its call recordings of Mr T speaking to its members of staff

about the matter. I'd like to assure Mr T that I've listened to them carefully. And having done so, I'm satisfied he was genuinely unsure about which accounts were closing. This is understandable given Barclays' letter does not list this out. Also, as I've said above, he had legitimate reason to believe it was only his joint account held with his wife that was being closed – given it wasn't receiving regular payments.

It's clear Mr T was not getting clear answers from many of Barclays' staff as to which accounts were being closed. But he was then later told by the team that handled his current account, that it was only his joint account that was being closed – and not any of the others.

Barclays accept its staff made an error here. I'm satisfied it was reasonable for Mr T to rely on this erroneous information - especially as I'm persuaded, he was legitimately unsure what accounts were being closed.

So, on one hand I'm satisfied Barclays applied its terms fairly by closing the accounts, but then mistakenly told Mr T only his joint account was being closed. Having given this careful thought, I'm persuaded Barclays' error here made its two months' notice of closure letter void.

That means Mr T wasn't given effective notice that pretty much all his accounts were being closed. This no doubt would have caused him distress as he would have worried about his substantive financial commitments being met by regular direct debit and standing order mandates. Fortunately, Mr T was able to set-up new payments from another bank's account without detriment to himself. Because of this I don't need to consider any financial loss – or damage to his credit file.

But Mr T says he suffered financial losses as the closure of his accounts meant he couldn't use those funds to offset against his mortgage. As above, our Investigator said Mr T would only benefit from savings if he was in a credit balance – which he wasn't. So Mr T wouldn't have made any saving by offsetting as the MCA was in a debit balance.

Barclays have sent me several documents, including the terms of the Offset mortgage account. These explain how the Offset mortgage scheme operated. I've also been given the statements from January 2021 till April 2021 for the MCA and Offset mortgage.

Barclays say that on the date the notice of closure was issued, January 2021, Mr T had a debit balance on his MCA just slightly short of £200,000. And that in March 2021, it was in a similar debit balance - slightly short of £200,000. Because Mr T was in a debit balance, Barclays say he would not have made any savings on his mortgage. They add Mr T would only benefit from savings when the accounts are in a credit balance – as explained in the Offset booklet - which it attached.

Barclays went on to say the only benefit a customer gets while their MCA is in debit, and offset to their mortgage, is that a different interest rate would be charged on the debit balance.

Having read the information about the Offset mortgage, I do think having all the accounts open - of which the funds were previously being utilised to offset the mortgage - would have saved Mr T money. That's because those accounts were in credit – and in line with what it says in the Offset booklet about 'The advantages of using the Mortgage Current Account', namely: *"Any credit balance in the account offsets the mortgage balance, just like the linked savings"*. Mr T did have linked savings accounts in credit.

But having said that, I'm persuaded Mr T wasn't left without the opportunity to use his funds to offset against the mortgage and continue to make the saving he otherwise would have.

That's because Mr T's MCA, and another of his saving's account, which he personally likely labelled 'School Fees', remained open. I've seen on the Offset statement, that both these accounts, in addition to the mortgage, were open in April 2021. That's after the other accounts were closed.

Mr T was checking his online banking, and still receiving statements for the Offset mortgage and MCA. So he would have known he could've still used his funds to offset. Additionally, and quite importantly, the statements show that a significant proportion of the funds utilised for offsetting was done by the account labelled 'School Fees'. As I've said, this account wasn't closed in March 2021 – and was still open in July 2022 based on the statement Mr T sent us.

So taken together, I'm persuaded Mr T wasn't deprived of the opportunity to use his mortgage offsetting facility. As he most likely didn't have to suffer a lost opportunity to save on his mortgage interest by using the MCA and other account that remained open. And most of the value of funds that were being used at the time of the account closures remained with Barclays.

Because of this I won't be awarding Mr T any compensation for financial loss. Its also worth noting that if Mr T still thinks he's lost out, Barclays didn't do anything wrong when closing his accounts. So if Mr T thinks he's now prevented from using funds to offset against his mortgage through the accounts he used before, they've been closed fairly.

Barclays made Mr T an offer of £300 as compensation for the errors it made. When weighing up what I think is fair compensation for any trouble and upset Mr T was caused, I must keep in my mind the accounts that were closed, were done so fairly.

So what I must focus on here is the trouble and upset Mr T was caused by finding out in late March 2021 that most of his accounts had been closed – not just the joint one which he was led to believe. And therefore the distress this likely caused him, and the inconvenience of having to sort out his banking affairs, including resetting some 30 or more payments instructions. I also need to consider the time he lost speaking to Barclays without getting any meaningful help.

Having taken all the above into account, I'm persuaded Barclays' error caused Mr T inconvenience likely lasting a few weeks to sort out alternative banking arrangements. And this would have caused considerable upset to him.

Having carefully considered what I think is fair compensation, I'm persuaded £300 is enough in the circumstances of this complaint. So Barclays should pay Mr T £300 for the trouble and upset it caused him.

My final decision

I uphold this complaint in part. To put things right, Barclays Bank UK PLC should pay Mr T £300 if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 February 2023.

Ketan Nagla
Ombudsman