

## The complaint

Miss H complains Barclays Bank UK PLC (“Barclays”) restricted, then closed her accounts causing her financial loss, and distress and inconvenience.

## What happened

This complaint only deals with the merits of Miss H’s complaint to do with the restrictions applied, and closure of her Barclays savings account, a Cash ISA, and a Help to Buy ISA (“H2B”).

Miss H’s other complaint about her credit card has been decided under a different reference number at this service.

In September 2020, following an internal review, Barclays blocked and closed Miss H’s savings, ISA, and H2B ISA accounts. A letter notifying Miss H that Barclays was closing her accounts down immediately was sent on 2 October 2020.

The funds of around £115 held in the ISA account, and £10,768 in the H2B ISA were moved to Miss H’s savings account in October 2020. Along with less than £2 already in the savings account, around £10,884 was withheld in Miss H’s savings account.

Unhappy with Barclays’ actions, Miss H complained. In November 2020, Barclays investigated the matter and told Miss H it had made an error in closing her accounts. Barclays paid Miss H £100 for the trouble and upset this caused her. Barclays reopened Miss H’s Cash ISA account, but it didn’t re-open the other two accounts.

In late December 2020, Barclays called Miss H and explained it would not be opening her accounts, and the ISA that was reopened will also now be closed again. Barclays told Miss H this was due to commercial reasons.

On that call, Miss H is asked where she would like her money sent to. She gives details of a new H2B ISA account - which she’d taken out with a separate provider. Barclays’ agent wasn’t sure if the funds could be sent to this new H2B ISA account, so they asked Miss H if she had another account. Miss H gave the details of a current account she had with a third-party bank.

Miss H is then told on the call that Barclays will also look into the customer service and compensation part of her complaint. Barclays’ agent says they’ll get in touch with Miss H to let her know about that, and whether they’ve been able to transfer the funds to her H2B ISA with another provider.

Around that time, Barclays emailed Miss H and said it was unable to transfer the funds to her new provider’s ISA account due to ‘subscription limits’. It told her she could transfer the funds directly if she wanted from her bank account. A separate cheque for the closing balance of £100 was sent to Miss H.

In January 2021, Barclays responded to Miss H’s complaint. In summary, it said:

- The money it was holding was transferred to Miss H's third-party current account in late December 2020
- It offered Miss H £200 to apologise for its error, and that it would pay 8% interest on the funds it owed her - around £162. Miss H would need to get in touch with Barclays if she wanted to accept this

Miss H referred her complaint to this service – and did not accept Barclays' offer.

Miss H says she's lost the opportunity to get a 25% Government backed bonus on the amount held in her H2B ISA to help her buy her first house. And she's lost out on the interest she would've earned on her accounts.

To resolve her complaint, Miss H asked Barclays to pay more compensation, and either transfer her funds to the other provider's H2B ISA, re-open it, or cover her 25% financial loss she'd otherwise have received from the Government.

One of our Investigator's looked into Miss H's complaint. Miss H told them Barclays had incorrectly told her she could transfer the funds directly to the H2B ISA herself as this wasn't possible. She reiterated she'd lost out on £3,000 which would've been hers to claim from the Government and emphasised that Barclays' errors had caused her substantive stress and anxiety.

After looking into the matter, and in summary, our Investigator found:

- As a regulated business, Barclays has ongoing regulatory obligations it must follow. To meet these obligations, it may choose to review customer accounts or activities on an account at any time. Business' may decide to restrict an account and even close accounts as part of this
- Barclays acted in line with its obligations, and terms of account, when restricting the accounts. It applied its terms fairly in doing so – and made no errors
- Barclays didn't cause any undue delays
- Barclays' offer of £200 for the trouble and upset caused by its handling of the complaint, and 8% interest amounting to £162.33 was fair compensation
- Miss H gave alternative current account details to Barclays to that of the third-party ISA provider in case it couldn't transfer the money to the new ISA. Barclays sent an email to Miss H telling her it had transferred the funds to her current account as it couldn't transfer them to the new ISA due to subscription limits. Barclays also explained that Miss H could transfer the funds directly herself from her current account
- Based on the evidence, our Investigator was satisfied Barclays didn't fail to follow Miss H's instructions. And that it had made her aware it may not be possible to transfer the funds to the new ISA, and provided an alternative to which Miss H agreed
- Different business' have different internal systems, and our service is unable to tell them what they should or shouldn't have
- Barclays has acknowledged the handling of Miss H's complaint could've been better, but it hasn't made any error in reviewing and closing her accounts

Miss H didn't agree with what our Investigator said. In short, she made the following arguments:

- Barclays' compensatory offer hasn't properly addressed the mess it caused with her H2B ISA. An ISA transfer in whole isn't subject to the usual annual ISA subscription limits, this is consistent with Barclays' own guidance on transferring an ISA
- Miss H asked Barclays to transfer her H2B ISA in its entirety to her new provider. Barclays simply tried to do a normal cash transfer and not an ISA transfer as the subscription limits, they refer to, do not apply. Miss H gave the current account details but didn't think they'd be needed. She wasn't thinking entirely clearly as this matter was causing her stress and panic
- Barclays' failure to transfer her H2B as it should have, has cost her the opportunity of claiming 25% from the Government – which would have been up to £3,000 if she'd saved up £12,000. But at that time, 25% for her value of savings would have been £2,721.08 if realised at that point. As she was regularly topping up the account every month, its likely she'd have reached the maximum savings amount to realise the £3,000 bonus
- Barclays offer of £200 compensation and 8% interest does not come close to her losing the ability to claim the Government bonus on her H2B ISA. Nor does it adequately compensate her for the stress, upset and time she's had to take off work for multiple branch visits

As Miss H didn't agree with what our Investigator said, the complaint was then passed to me to decide. As part of my investigation, I asked Barclays for more information, particularly regarding the H2B ISA and it being transferred to a new provider. Some of the key points Barclays made were:

- Miss H's new H2B ISA provider didn't formally request a transfer through the 'ISA Transfer Service'
- When Miss H's accounts were closed, the funds were transferred to an internal account and the ISA account was closed
- Simply transferring the funds to the new H2B ISA would've meant it counting as a new subscription – which would exceed the £200 a month H2B ISA limit
- The issues with the 'limit on subscriptions' would have been caused by the account being closed in the way it was, and a transfer requests not being made
- Miss H wouldn't have been able to open a new H2B ISA as the scheme closed in 2019
- On a call with Barclays' agent on 23 December 2020, Miss H made the choice to complete the transfer to her current account held with another bank. That's why the transfer was completed in the way it was, and other options not sought

The complaint was then passed to me to decide. I sent both parties my provisional decision where I said I was planning to uphold the complaint in part. I'll set out my findings below.

*My provisional decision*

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

*Having done so, I’m planning on upholding this complaint in part. I know Miss H feels strongly about her complaint, and what I’m planning to decide will no doubt disappoint her. So, I’ll explain why.*

*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.*

*I’ve looked at the reasons Barclays placed blocks on Miss H’s account, both in the first instance, and when it maintained most of the blocks after telling her it would reopen her accounts. Having carefully considering this, I’m satisfied Barclays acted in line with its obligations, and acted both fairly and reasonably. So, I don’t think Barclays did anything wrong when restricting Miss H’s accounts.*

*I know Miss H would like to know what the exact reasons were, but neither Barclays, nor I, are under obligation, that I’m aware of, to do so. I would add too that our rules allow us to receive evidence in confidence.*

*We may treat evidence from banks as confidential for several reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information we consider should be kept confidential.*

*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 say Barclays could close them by giving a reasonable period of notice. This is typically around two months - but the exact period will depend on the individual account terms. But in certain circumstances, it can close accounts immediately or with less notice.*

*Having looked at the information given to me by Barclays, I’m satisfied it was entitled to close all three of the accounts in the way that it has done. In reaching this finding, I’ve thought very carefully about whether Barclays made an error by closing the accounts, saying they’d be re-opened, and then deciding again to close them.*

*I’ve looked at Barclays’ reasons for doing this, and I think it always had reason enough to take the more severe action of closing the accounts immediately. I acknowledge that it’s more than unhelpful that Barclays’ review of Miss H’s account activities fell short in the first instance.*

*So this means I don’t think Barclays should have told Miss H it was going to re-open the accounts at all. Barclays say it made errors here. It’s not entirely clear exactly what errors Barclays are referring to, but its offer to pay 8% simple interest for the time Miss H was initially deprived of her funds strongly suggests it felt it didn’t have reason enough to close the accounts.*

*Several weeks later Barclays said it wouldn’t be re-opening the accounts – and was reverting to its original decision to close the accounts. Having considered what its reasons were for this, I’m satisfied the information that underpins this was available at the time it first decided to close the accounts.*

*So, that means I'm satisfied Barclays always had enough information to close the accounts immediately. And if anything, the error it made was telling Miss H it had made mistakes and would be reopening her accounts.*

*In turn, this means Barclays acted fairly when transferring all the funds held in the Cash ISA and the H2B ISA to a savings account before returning them to Miss H. This was a reasonable action Barclays took to help it close the accounts immediately.*

*This brings me onto the crux of the complaint. That is whether Barclays has fairly compensated Miss H, and whether its actions have led to her suffering a financial loss in relation to her H2B ISA.*

#### *The Help-to-Buy ISA*

*I'm persuaded, after listening to the call Barclays has given me, and from reviewing the other information and arguments, that it doesn't have a proper understanding of this issue. I say that because a H2B ISA's can be transferred in whole to a different provider. Barclays would only have to review the new provider's website to see this.*

*So that means the limit to subscription reason given by it was most likely because Barclays had closed the H2B ISA and moved the funds to an ordinary savings account. This in turn meant an ISA to ISA transfer couldn't be carried out.*

*It's within my powers to direct Barclays to put this right if I think it did something wrong here. But, having considered this issue very carefully, I don't think it has. I say that because, and as I've already alluded to, Barclays always had reason enough to close the accounts in the way it did from the beginning of its review.*

*That means, it didn't do anything wrong by closing all the accounts immediately, including the H2B ISA, in September 2020. By closing the account in this way, Barclays was under no obligation to facilitate an ISA to ISA transfer.*

*I know this finding will not sit well with Miss H. But I'm persuaded Barclays' concerns were such that an immediate closure was justified, and by doing so was a fair application of the terms of the account.*

*Barclays are wrong to say Miss H could simply transfer the funds from her current account to her new H2B ISA. That wouldn't be a 'transfer' of the whole, and she would face subscription limits. But for the reasons above, I don't think this matters here.*

*It also follows that Barclays doesn't need to compensate Miss H for any lost opportunity in relation to being able to claim a Government H2B ISA bonus. Barclays acted fairly in closing her H2B account immediately – and moving the funds to another account before releasing them to Miss H.*

*In passing, there are other similar schemes which Miss H could benefit from, and they could potentially allow her to build up funds more quickly.*

#### *Customer Service*

*This is the part of Miss H's complaint that I'm persuaded Barclays have acted improperly. Had Barclays carried out its review with proper due diligence than it wouldn't have told Miss H it would be re-opening her accounts.*

*This no doubt has caused Miss H avoidable distress and inconvenience. In short, Barclays have caused her to go on a rollercoaster of emotions when it didn't need to do this. This course of action has also meant she's had to call Barclays, and go into its branches, more so than she should have had to.*

*So, I think it's fair Barclays compensate Miss H for this. In reaching what I think is a fair amount, I've weighed up that Barclays has already paid Miss H £100, and I've thought about the impact this had had on her. Having done that, I think Barclays should pay Miss H £300 more to put things right.*

*Lastly, as Barclays should never have changed its mind to close Miss H's accounts, I'm satisfied it doesn't need to pay her 8% simple interest for being deprived of her funds for longer than she ought to have"*

In response to my provisional decision, Miss H has made a number of points. I'll summarise the key one's here:

- The last offer of compensation from Barclays was £388 rounded up
- She isn't complaint about the closure of accounts anymore, but because of the closing and reopening Barclays took longer to return her money. She could otherwise have had her funds the following day when the accounts were initially closed. So she should be awarded interest for this
- A transfer of the H2B ISA in whole was possible – her own research showed this. Barclays never tried to do this and misinformed her. She will no longer be able to recover her losses, and no similar scheme exists
- She's been made very upset by what's happened and still doesn't know the reasons why Barclays took these actions

Barclays agreed with what I was planning to decide in my provisional decision.

I then considered the points Miss H made. Having done that, I was minded to agree that if not for Barclays' error of keeping the accounts closed when it first said it was doing this, her funds would've likely been released sooner. So, I sent Barclays an email. Here's the pertinent excerpt of what I said:

*"Miss H has also responded and made a handful of points, which I've now had time to consider.*

*One of the points she makes is that had Barclays closed her accounts down in November 2020 - that is when I said it ought to have in my provisional decisional - she would have been able to retrieve all of her funds then. That also means she wouldn't have waited till the following month, December 2020, for her funds to be released.*

*The funds were sent to Miss H's current account with another bank. And I've not seen enough evidence to show they were earmarked for any specific purpose. So given Barclays should have closed Miss H's accounts down in November 2020, which likely meant she would have had her funds then, in addition to the direction to pay her £300 compensation for the distress and inconvenience caused, I'll also be finding that Barclays should pay 8% statutory interest on all the funds it held from the date it said it was closing the account in November 2020 up until they were released the following month.*

*So, it follows that I think Miss H's point about being deprived of the funds is a valid one."*

In response to my email, Barclays say it accepts my recommendation regarding the compensatory interest.

I will now decide this complaint.

### **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 so, I've decided to uphold this complaint in part. The reasons for doing so have been given in my provisional decision – as above. I will of course address any points raised by either party in response to my provisional decision here.

Barclays has agreed to pay Miss H 8% statutory interest for being deprived of her funds for longer than she should have. Miss H will note I've agreed with her point about this, and Barclays have accepted my recommendation. I've also explained above why I was persuaded this was fair compensation to put things right.

I've considered what Miss H has said about having more compensation before. But I must consider this complaint on its own merits, and I'm satisfied, for the reasons already given, that £300 for the distress and inconvenience caused, on top of £100 already paid is fair compensation.

I've already explained why I think Barclays haven't done anything wrong by not transferring the H2B ISA in whole to Miss H's new provider. In short, I said Barclays acted fairly by closing this account and moving the funds to another one before closing the accounts – and by doing so, it wouldn't have been able to facilitate an ISA to ISA transfer. Because of this, Barclays doesn't need to do anything more.

From cursory research, I note there are other schemes Miss H could look into for Government backed help with buying her first home.

Lastly, for the reasons I gave in my provisional decision, Barclays is under no obligation to give her any explanation for the actions it took when deciding to close her accounts.

### **Putting things right**

To put things right, Barclays should:

- Pay Miss H £300, on top of any compensation already paid, for the distress and inconvenience it has caused; and
- Pay Miss H 8% statutory interest on all the funds it should have returned in November 2020 when it first said it was closing her accounts, up until the date the money was released to her the following month

### **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 directed above.

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

Ketan Nagla  
**Ombudsman**