

The complaint

Mr O complains that Barclays Bank UK PLC closed his account without providing a reason or notice and registered a default against his name. He'd like his account reopened and compensation for the impact.

What happened

Mr O had an account with Barclays.

On 12 October 2022 Barclays issued Mr O with a 60 day notice to close. However, on 7 November 2022 Barclays sent a further letter notifying Mr O they were closing his account immediately. On closing Mr O's account Barclays asked him to provide proof of entitlement to the funds.

Mr O complained to Barclays about the account closure, the restriction of his account and a default recorded on his credit file. He also advised that he'd incurred late payment charges and extra interest charged on a loan which entered his account immediately prior to the closure.

Barclays reviewed Mr O's complaint but didn't uphold it. They thought they'd acted fairly in closing his account, and restricting access to his funds.

Mr O wasn't happy with Barclays' response so brought his complaint to our service.

On the complaint coming to our service, Barclays reviewed their position and made an offer – Barclays thought they shouldn't have closed Mr O's account without notice and his funds should have been made available to him. Barclays offered £50 compensation and 8% interest from 7 November 2022 to 19 December 2022.

Mr O didn't accept the offer. Our investigator reviewed Barclays' offer but didn't think it was fair. They thought the 8% interest should go up to the date Mr O's funds were released to him in January 2023. And they weren't satisfied Barclays had acted fairly in recording a default against Mr O. So asked them to remove it and in total pay £200 compensation.

Barclays accepted our investigator's view.

Mr O only accepted in part. He agreed to the recommendation made, but in addition he also asked for his account to be reopened. Our investigator explained that they didn't think this was something which was fair in Mr O's circumstances, but Mr O didn't accept.

As Mr O didn't agree it's been passed to me to decide.

I contacted Mr O and explained that I didn't think Barclays were required to reopen his account, and why. But Mr O asked if he didn't receive compensation could his account be reopened instead. As Mr O didn't agree, I've moved to issue my decision.

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.

Mr O's agreed to our investigator's recommendation for compensation, and the removal of the default. So I won't address these complaint points. Instead, I'll consider whether or not Barclays should reopen Mr O's account. I've considered this, and I know this will disappoint Mr O however I'm afraid I don't think they should reopen his account. I've explained why below.

Mr O's highlighted that there are certain *specific* circumstances when our service would expect a bank to reopen a customer's account. I appreciate this will disappoint Mr O but I'm satisfied these don't apply in this case. As long as it doesn't discriminate a bank is entitled to make a decision as to who it would like to contract with. This is the same as the right a customer has to choose who they'd like to bank with. But, they need to apply their terms and conditions fairly. Which I'm satisfied Barclays did. I realise this will disappoint Mr O but they were entitled to close his account – by giving 60 days' notice - without providing Mr O with a reason. It follows, I won't be asking Barclays to reopen Mr O's account.

Putting things right

Barclays should remove the default recorded against Mr O and pay £200 compensation for the immediate closure of his account. And pay 8% interest for depriving Mr O of access to his funds from 7 November 2022 to the date they were released.

My final decision

My final decision is I direct Barclays Bank UK PLC to:

- Remove the default marker recorded against Mr O
- Pay Mr O £200 compensation
- Pay Mr O 8% simple interest on the funds in his account from 7 November 2022 to the date of release

HM Revenue & Customs require Barclays Bank UK PLC to withhold income tax from the abovementioned interest. HSBC should give Mr O a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 3 July 2023.

Jeff Burch
Ombudsman