

## **The complaint**

Mr C complains Barclays Bank UK PLC (“Barclays”) restricted and closed his account without sufficient warning nor explanation. Mr C also complains about poor customer service, communication and the handling of his complaint.

Mr C says Barclays’ actions have caused him financial loss, significant distress, and inconvenience. To put things right, Mr C wants his accounts re-opened and compensation paid to him.

## **What happened**

On 1 November 2022, following a review, Barclays restricted Mr C’s accounts and withheld the funds in them. On 2 November 2022, Barclays sent Mr C a letter in which it informed him that after identifying some recent activity on his account, it needed to carry out a review.

Barclays said it required information from Mr C about credits he’d received. Reference was made to a transaction into Mr C’s account for around £4,000 – other funds were released, but not £4,007.

Barclays outlined four methods Mr C could use to provide this information. They were:

- Online. Barclays said Mr C would need to follow the steps in the email to send information digitally
- By Post. Barclays advised Mr C he could complete the enclosed form and return it using the pre-paid envelope
- Over the phone. A number and details around options and availability were provided
- In branch. Mr C was advised to bring a copy of the account review letter, together with two forms of identity

On 14 November 2022, Barclays informed Mr C it had decided to close all his accounts with immediate effect in line with its terms and conditions. Unhappy Mr C complained.

Mr C says he sent this information to an email address as advised by branch staff on 18 November 2022 and was told he would get his funds in 15 days. But he was told later that he had to do so by sending it to the proof of funds team directly in December 2022.

On 24 December 2022, after being informed of his funds being available, Mr C visited a branch and withdrew them.

Barclays sent Mr C’s its final response on 28 December 2022. In summary, the key points it made were:

- Safeguards were placed on Mr C’s account whilst an internal investigation took place in line with its processes. Barclays can’t give any additional information regards the safeguards

- The closure of the accounts had been carefully considered, and the correct decision was made
- On 24 December 2022, Mr C visited a Barclays branch and withdrew the funds that were held in one of its sundry accounts as the proof of funds investigation had completed on 23 December 2022

Unhappy with Barclays' response and actions, Mr C referred his complaint to this service. As part of his complaint, and in short, Mr C made the following points:

- He wants Barclays to pay 5.12% on £4,007 for the 52 days he was deprived of the funds. This is the rate of the savings account he would've stored the funds in. Mr C estimates he has lost around £30 in interest
- Compensation for around 25 hours he has spent dealing with the Barclays to resolve the matter. Mr C he should be awarded compensation in line with the national minimum wage
- Compensation for the significant distress and panic Barclays' actions caused him
- £50 compensation as an apology for the disruption caused to his studies
- An explanation provided and apology for receiving conflicting information regarding the proof of funds process. Mr C says one branch told him he needs to send the proof of funds information to an email address for them to send onto the proof of funds team. But he was later told by another branch that was incorrect, and the information needed to be sent directly to the proof of funds team
- An explanation and apology for the way his complaint was handled. Mr C says Barclays initially only dealt with his complaint as a 'concern'. This meant there was a delay to him being able to refer his complaint to this service
- The accounts should be re-opened, and Mr C should be given the capability to bank with Barclays in the future

One of our Investigator's then looked into Mr C's complaint. Some of their key findings were:

- Barclays is required to comply with a variety of legal and regulatory obligations which included monitoring and reviewing accounts
- Having reviewed the terms of the account, Barclays should have given Mr C 62 days' notice of closure as opposed to doing so with immediate effect
- Barclays is entitled to review accounts, and funds won't always be readily available whilst it does so. Barclays said that once it received the proof of funds information it would get back to him in 15 working days. Mr C collected the funds on 23 December 2022. This is a reasonable timeframe and from the evidence available it didn't cause unnecessary delays
- Barclays should pay Mr C £50 compensation for closing his account for giving the wrong notice period. Mr C had one regular direct debit which required re-arranging, this would've caused him some inconvenience

Mr C didn't agree with what our Investigator said. He says he has evidence in the form of an email chain showing he was told on 18 November 2022 that he would receive his funds in

15 working days from that point. So Barclays did cause a delay – especially as he was given the wrong email address to send his proof of funds information to.

Mr C also felt the Investigator failed to look into his points about the way his complaint was handled. He also said they didn't consider compensation for lost interest, his time, the distress caused and the disruption to his studies.

Our Investigator then responded to Barclays and said Mr C had provided evidence which showed he submitted his proof of entitlement to the funds on 18 November 2022 – and they requested more information about this.

Barclays said its records show it received Mr C's proof of funds information on 7 December 2022 and it subsequently completed its review on the 23 December 2022. It said it should have made Mr C aware sooner that he needed to provide this information. So it offered £100 more compensation on top of the £50 recommended by our Investigator.

Our Investigator informed Mr C of this and said that as Barclays applied the restrictions in line with its obligations, they wouldn't recommend any further compensation for any distress and inconvenience he suffered.

Mr C remained unhappy. He emphasised that it should pay more compensation for the way it carried out its processes and the errors it made. He also, amongst previously made points, reiterated the stress he was caused when the accounts were restricted, and that he wasn't given fair warning.

In response, and in addition to previously made findings, our Investigator said that the options presented to Mr C to send his information would have led to it being sent to the proof of funds team. So they couldn't see that it would've caused a significant delay either way.

They also said it was unlikely they could consider Mr C's point about how his complaint was handled as this isn't a regulated activity the service has the power to look into. They added that the only error they've found related to the communication around the proof of funds which likely caused a couple of weeks of delay to Mr C receiving his funds. But the £150 compensation award accounts for this.

Mr C didn't agree and felt his points were misunderstood and not properly considered. Barclays then offered Mr C £200 to recognise the higher level of upset and inconvenience he says he suffered. Barclays also accepted there was a delay in making Mr C aware that proof of funds information was needed.

Mr C didn't accept this as a resolution to his complaint. As he didn't agree, the 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 so, I've decided to uphold this complaint in part. I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr C and Barclays have said before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of 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.

#### *Account review and closure*

Banks in the UK, like Barclays, 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.

Having considered Barclays' reasons for placing Mr C's accounts under review, I'm satisfied it was acting in line with its obligations.

Barclays is entitled to close an account just as a customer may close an account with it. 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 account, which Barclays and Mr C had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Mr C's accounts were closed with immediate effect. Barclays has provided me with information about why it decided to close the accounts in this way. Having carefully considered this, I'm not persuaded it had concern enough to close the accounts in this way.

But I do think it had concern enough to close the accounts by giving Mr C two months' notice. I know Mr C would like an explanation as to why Barclays took the actions it did, but I'm not aware of any obligation under which it must do this. And I've already said that we consider some of the information Barclays has provided should be kept confidential.

So as Barclays closed the accounts with the wrong notice period, I'm satisfied I need to consider the impact this had on Mr C to weigh up if any compensation award is merited. Mr C has said he predominantly used his accounts with Barclays for interest on his savings. And that's why he moved his money around in the way he did. I note Mr C had one direct debit set-up on the account for his broadband provider and was inconvenienced in having to sort this out manually.

But as I've said, Barclays were entitled to close the accounts by giving two months' notice – so in other words, Mr C would've had to do this in any case. But I will take this into account when making any award given, he would have had much longer and suffered less inconvenience with two months to change it.

Having given this some thought, I don't think the loss of the use of Mr C's Barclays accounts caused him significant disruption given it doesn't appear to be where he carried out most of his banking needs given it had one regular payment and little else activity for essential living costs.

Mr C says Barclays' actions caused him substantive panic and distress when he learnt,

without warning, his accounts had been blocked. Barclays sent Mr C a letter the day after it blocked the accounts, and its internal system notes show that a SMS message was sent too. But even if Mr C didn't receive this message, I think Barclays acted in a timely manner when informing Mr C about the account restrictions.

I accept the restrictions, and his loss of access to his Banking platforms, would've caused Mr C alarm and stress. But as Barclays did nothing wrong here, I won't be making a compensation award for any distress caused for this.

#### *Provision of proof of funds information*

Barclays accept it should have made Mr C aware sooner that he needed to provide information about the source of his funds. Mr C says he was led to believe he needed to provide this information to what he later found out was an incorrect email address three weeks before.

Mr C has sent evidence of an email chain which shows he sent this information to a Barclays email address on 16 November 2022. And he was later asked a further question by its agent on the 18 November 2022 related to the reason for transferring £4,000. Mr C was also told on the same day that he should have to wait 15 working days for the funds to be released.

But Barclays say it received this information on 7 December 2022. Given what I've seen, I'm satisfied there has most likely been a communication error - and it was most likely caused by mis-advice given to Mr C by Barclays' staff. Equally, I note Mr C was told in a letter sent to him on 2 November 2022 where he needed to send this information to. This letter was likely sent by the department dealing with the review, so I do think not relying and placing weight on this is a mitigating factor against any compensation award.

Having said that I accept Barclays caused a delay here of about three weeks. So it follows that Mr C would most likely have received his funds three weeks before he did. And that means he's been deprived of their use for longer than he ought to have.

Mr C has already said he would've kept the funds in a savings account attracting an interest rate of a little over 5%. So as Barclays caused an avoidable delay here, it should compensate Mr C for the deprivation of funds. I will address what I think is fair redress for this a little later in my decision.

#### *Complaint handling*

Given this relates to an underlying financial service, it's a complaint point I'm satisfied we have the power to consider. Mr C says his complaint was initially not construed as such. He says that Barclays didn't investigate it as they thought it was merely a 'concern'.

I haven't seen much evidence as to what Mr C said to Barclays and whether or not it did treat this as a complaint. But I'm persuaded from Mr C's testimony that he was making a 'expression of dissatisfaction'. And that is what regulator's - the Financial Conduct Authority - rules say about what constitutes a complaint.

But even if Barclays failed to pick up on Mr C's complaint earlier, I don't think its prejudiced or caused Mr C any detriment that warrants compensation. Mr C says he would've referred his complaint to this service sooner. But I don't think the timeline of how things have moved on since he would have made a complaint earlier is significantly altered because of this. So I don't award any compensation for this.

#### *Fair redress*

I've already said that Barclays should compensate Mr C for the deprivation of funds and inconvenience caused to him for not being given two months' notice of closure. I've also said that this inconvenience has been mitigated by Barclays' accounts being used mainly for savings and not for servicing essential everyday costs. I note also that he wasn't receiving any regular income in the way of salary or benefits.

Mr C says he should be awarded compensation for the loss of around 25 hours in dealing with this matter - and for the disruption to his studies. But Barclays did nothing wrong in reviewing, restricting and ultimately closing the accounts.

So I don't think Barclays needs to compensate Mr C through an hourly rate for loss of time or disruption to his studies in the way he says. I accept however some of Mr C's time was unnecessarily wasted through the delays with the proof of funds communication. So I will take some inconvenience, which includes loss of his time, into account when making an award.

After weighing all of this up I'm persuaded a compensation award of around £150 is fair redress. It's also this service's general approach to award 8% statutory interest for the deprivation of funds. But Mr C has said he would've left the funds in a savings account to attract a rate of 5.12%. As Barclays have proactively offered to pay Mr C £200 compensation and given this increment on £150 is more than what 5.12% would have given him had he had his funds three weeks earlier, I'm satisfied this is fair redress.

Lastly, Mr C says he wants his accounts re-opened and they capability to bank with Barclays in the future. But as I've said Barclays did nothing wrong in closing his accounts, so it doesn't need to re-open them, nor is it under any obligation to let him bank with it in the future.

### **My final decision**

For the reasons above I uphold this complaint in part. I now direct Barclays Bank UK PLC to pay Mr C £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 December 2023.

Ketan Nagla  
**Ombudsman**