

The complaint

Mr A complains that Barclays Bank plc restricted and then closed his accounts without notice.

What happened

Mr A held three accounts with Barclays – a current account, a savings account, and a business account (set up as a sole trader account).

On 9 June 2021 Mr A received two credits totalling £1,500 to his business account (along with other payments). Barclays sought from Mr A proof of the source of funds for these two payments, which Mr A provided.

In the meantime, the bank suspended all three accounts. Restrictions were lifted on or about 22 September 2021, and Mr A was able to withdraw his funds shortly afterwards.

However, Barclays also took the view that the accounts should be closed. It wrote to Mr A on 18 September 2021 to tell him that, and they were closed shortly afterwards. In effect, they were closed without notice.

Mr A complained to Barclays. In its response, the bank explained why it had acted as it did. It did not change its decision about closing the accounts, but it did acknowledge that it would have been appropriate to give Mr A more notice of closure. It said too that some of its correspondence had not been as clear as it should have been, and there had been delays. It offered Mr A £300 by way of compensation. Mr A did not accept that offer and referred the matter to this service.

One of our investigators considered what had happened but indicated that she thought the bank's offer was fair.

Mr A did not agree and asked that an ombudsman review the case.

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.

In my view, it was reasonable of Barclays to seek more information about the credits in June 2021 and to suspend Mr A's accounts while it did so. I also think that the bank explained its reasons clearly in its letter in response to Mr A's complaint.

As far as the closure of the accounts is concerned, it is generally for a bank to decide whether to provide or to continue to provide banking services to a customer. It is not for me to interfere with the legitimate exercise of Barclays' commercial judgment in deciding to withdraw services from Mr A.

Usually, however, a bank should give reasonable notice before closing an account. What is reasonable depends on the circumstances, but I agree with the bank that 62 days would have been appropriate here.

That said, I note that Mr A has said that he had another account which he could use for his personal finances. He has not however suggested that he had any particular difficulty in opening a new business account. I note as well that he runs his business as a sole trader. Opening a new partnership or company account is likely to have caused more inconvenience than opening a sole trader account.

For these reasons, I think the bank's offer was reasonable. It is not clear however whether it is still open for acceptance, so I will make an award. That will enable Mr A to accept the offer, should he wish to do so. That will also enable him to enforce the award, in the unlikely event that is necessary.

My final decision

For the reasons I have explained, my final decision is that, to resolve Mr A's complaint in full, Barclays Bank plc should pay him £300. Payment should be made within 30 days of Mr A's acceptance of this decision. If it is not, Barclays Bank plc should add interest at 8% a year simple from the date of acceptance until payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 April 2023.

Mike Ingram

Ombudsman