

The complaint

Miss M complains that Barclays Bank UK PLC blocked and closed her account. She would like compensation.

What happened

Miss M had a basic account with Barclays.

In early August 2022 Barclays blocked Miss M's account to carry out a review. She attended branch to explain she was sending money abroad to relatives. She attended branch with photo Identification and the transactions were confirmed as genuine and the account unblocked.

On 23 August 2022 Barclays blocked the account because they needed to confirm another transaction on the account. Miss M was asked to attend branch with her Identification which she did. Barclays were satisfied and they unblocked the account.

Barclays carried out a review. Miss M explained she was receiving money from abroad due to the sale of a property and she was sending money abroad to relatives. Miss M was able to provide documentation.

Barclays put the account into a £500,00 overdraft.

Following the review Barclays made the decision to close Miss M's account on 30 September 2022. Barclays closed the account with immediate effect.

Barclays later decided that they should have given Miss M two months' notice to close her account and offered £200 compensation for this error.

Barclays asked Miss M to attend branch to collect the funds in her account. The balance of the account amounting to £13,000.33 was released to Miss M on 7 October 2022 as a cash payment.

Miss M has said she found the block on her account very difficult as she was unable to provide for her family. She called Barclays many times and couldn't understand why she wasn't able to access her account.

She also found it stressful when she looked at her account and it showed an overdraft of £500,000. Miss M said she didn't know what had happened to her money and why she was overdrawn. She was very concerned, and she didn't get any explanation from Barclays.

Miss M said she was worried when she had to collect the balance in her account in cash as she lives at least 30 minutes away from her nearest branch.

Miss M has also complained that the police attended her house asking about her finances. This she found very upsetting. Miss M has said she was very stressed, distracted and upset about what was happening on her account.

Miss M is concerned about her credit score as well as two disputed transactions.

Miss M complained to Barclays but as she was unhappy with their response she complained to our service.

One of our investigators looked at the complaint. She thought Barclays were entitled to block and review the account and close it – but she thought they should have given Miss M two months' notice. She thought their offer of £200 to put things right was reasonable. She said Miss M needed to contact a branch in person to raise the disputed transactions as she no longer had an account with Barclays.

She didn't think Barclays had been responsible for the visit by the police although she acknowledged that it had been a stressful thing for Miss M.

Miss M was unhappy with the compensation. She thought that was not enough considering the stress she had been put through.

As there was no agreement the matter came to me, and I issued a provisional decision.

In my provisional decision I said:

Account Block

I'll start by setting out some context for the review of Miss M's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Barclays were complying with these obligations when they reviewed Miss M's account.

Because financial businesses, like Barclays, are subject to a number of legal and regulatory requirements, they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments.

This is reflected in Barclays' terms and conditions. These say Barclays can block an account or card to meet its legal obligations and delay payments if needed to carry out further checks. It can also ask customers to provide documents it may need. In Miss M's case, I'm satisfied that Barclays was acting in line with its legal and regulatory requirements when it reviewed Miss M's account.

Overdraft

Miss M has said she found it very stressful when she saw her account had been put in overdraft by £500 000. I appreciate this must have been very concerning for Miss M. The removal of the funds and putting the account in overdraft were an internal process which the bank carried out in order to comply with its legal and regulatory obligations. It was done to meet its internal process requirements. However, I think putting Miss M's account into a £500,000 overdraft and not offering an explanation added to her stress. Although I appreciate that Barclays have a procedure it follows when they review accounts, Miss M wasn't given an explanation and she thought her money had gone and she owed more. This added to Miss M's stress in an already difficult situation.

Account closure

I've next looked at Barclays' decision to close Miss M's account. Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account.

Barclays decided to close the account with immediate effect. However, Barclays later decided that they should have given Miss M 60 days' notice to close her account. They offered £200 compensation to put things right. I know Miss M wants more compensation but having looked at the evidence I'm satisfied that this is fair compensation in the circumstances, and I won't be increasing it.

The account that Miss M had with Barclays was a basic account and specific rules apply regarding closure of these accounts. These are the Payment Account Regulations 2015. Barclays could close the basic account if:

Reg 26 (2)(e) the consumer has access to another payment account in the United Kingdom which—

(i) allows the consumer to make use of the services listed in regulation 19(1); and

(ii) was opened after the payment account with basic features.

I tried to find out when Miss M's basic account was opened with Barclays. Barclays confirmed that her account was opened on 8 September 2016. Miss M has said she has another account with another financial institution in the UK I will call H. The account satisfies Regulation 26 (2) e (i).

I asked Miss M to let us know when that account had been opened in order to satisfy myself that the account was opened after the Barclays account. Miss M hasn't provided me with specific information, she has said she had the account with H for more than 5 years. Although we have asked her to tell us a precise date, she hasn't provided this information. However, looking at the evidence I have before me I'm satisfied on a balance of probabilities that it's more likely than not that Miss M opened her account with H after 8 September 2016. It follows that Barclays were able to close Miss M's account under regulation 26(2)(e).

Account balance

I've seen that Miss M received her funds on 7 October 2022.

When Barclays closed Miss M's account it required her to attend branch and collect her funds, around £13,000, in cash. Miss M has said this was very stressful for her because she lives far away from the bank about 30 to 40 minutes by car and she had to bring her children. I appreciate that having to receive that amount of money in cash and then deposit it into another account is stressful and very difficult. I think Barclays should have given Miss M an option to collect her money in a more secure way. I don't think the way they treated her was fair and it added to her stress.

Reason

Miss M has said she wants to know the reasons why Barclays closed her account. Whilst Miss M may've expected to be given the reasons for the account closure, Barclays isn't required to give her a specific reason. And I can understand Miss M's frustration that she hasn't been provided a detailed explanation. But as the investigator has explained, Barclays is under no obligation to provide this information to her, as much as she'd like to know. So, I can't say Barclays have done anything wrong by not giving Miss M this information.

Police Visit

Miss M has said she was very concerned by the police visit and it has caused a great deal of stress and residual trauma. She has described not being able to sleep and being concerned every time a car drives near her house. I know Miss M has said that Barclays asked the police to visit her, and they are responsible for the unnecessary stress the visit caused her.

I accept that Miss M found it stressful to be visited by police. I've looked at the information on file and I've seen no evidence that Barclays was responsible for the police visit Miss M refers to.

In summary I accept that Barclays were entitled to review Miss M's account and she had to visit the branch to provide information that Barclays needed to carry out their reviews. I'm satisfied they acted fairly in carrying out the reviews. I know Miss M would like to be refunded the costs of attending branch, but I am satisfied that Barclays were entitled to ask for the information they needed, so I think they haven't been unfair here and I won't be awarding Miss M the costs of her travel to branch.

Miss M had her account closed with immediate effect. Barclays recognised that they should have given Miss M 60 days' notice and offered compensation of £200 for this. I think that amount is fair for their error in closing the account with immediate effect. As I have found that Miss M had another account when Barclays closed her basic account, I haven't found that Miss M was further affected by the closure.

I think Barclays did contribute to Miss M's stress and anxiety because of the way they carried out the review and closure. They didn't explain why her account was showing an overdraft of £500,000 on her app. An explanation could have calmed her fears at an already difficult time. In addition, I don't think making Miss M collect her balance in cash was reasonable and it added to her stress levels. Because of this I am minded to ask Barclays to pay an extra £200 in compensation.

In my provisional decision I thought Barclays should pay Miss M £200 for closing her account with immediate effect. And an additional £200 for the extra stress caused because of not providing an explanation for the overdraft and for having to collect her funds in cash.

Responses to my provisional decision

Miss M hasn't provided any comments to my provisional decision. Barclays have also not provided any comments to my provisional decision.

Now both parties have had an opportunity to comment I can go ahead and issue my final 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.

Although Miss M and Barclays have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

Putting things right

For the reasons stated I am asking Barclays to pay Miss M £200 for closing her account with immediate effect. And an additional £200 for the extra stress caused because of not

providing an explanation for the overdraft and for having to collect her funds in cash.

My final decision

For the reasons above and contained in my provisional decision I partly uphold this complaint. I require Barclays Bank UJK PLC to pay Miss M £400 compensation for her material distress.

Barclays Bank UK PLC must pay the compensation within 28 days of the date on which we tell it Miss M accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 28 December 2023.

Esperanza Fuentes
Ombudsman