

## **The complaint**

Mr H complains that Barclays Bank UK PLC unfairly closed his personal accounts, withdrew his overdraft facilities and terminated his credit card account.

## **What happened**

Mr H held three personal current accounts with Barclays, each with an arranged overdraft facility. Mr H also held two savings accounts with no balances, and a personal loan. He also held a credit card account with Barclaycard.

In July 2022, Barclays sent a letter giving notice to Mr H that his personal bank accounts would be closed. The bank also removed the overdraft facilities on Mr H's current accounts immediately.

Barclays closed Mr H's credit card account in August 2022.

When Mr H's personal bank accounts were due to close in September 2022, two remained overdrawn. The bank issued termination notices for these overdrawn accounts in December 2022, saying that the full overdrawn balances were payable.

In February 2023, Mr H's third bank account, which had a small credit balance, was closed. The overdrawn balances on the other two accounts remained outstanding.

Mr H says the bank's actions have impacted his credit file, which has worsened his financial position and his ability to repay his debts.

After Mr H brought his complaint to our service, Barclays removed the information on his credit file recorded in July and August 2022 about the overdrafts.

Our investigator looked at the available evidence and concluded that Barclays hadn't, for the most part, acted unfairly or unreasonably. But she thought the bank should have given the same period of notice for withdrawal of the overdrafts as it had for closure of the bank accounts. To put things right, she recommended that Barclays should pay Mr H £200 for distress and inconvenience. In summary, she gave these reasons:

- A bank is entitled to close an account with a customer – just as a customer may close their account with a bank – but it must do so in a way which complies with the terms and conditions. Barclays gave Mr H two months' notice for his bank accounts, which was in line with the account terms and conditions.
- Mr H would like the bank to provide him with more information about the reasons for its closure decision. But Barclays isn't required to share any further details than it already has.
- Under the terms and conditions of Mr H's accounts, the bank was entitled to terminate an overdraft facility at any time and for any reason. However, the terms and conditions also say Barclays will usually give at least 30 days' notice. Although

the bank gave two months' notice of Mr H's bank account closures, it withdrew the overdraft facilities immediately. Both overdrafts were at their limit at the time. Barclays acknowledges it should have given notice before withdrawing the facilities, so it has removed the adverse data reported on Mr H's credit file about the overdrawn balances. The investigator thought Mr H was also caused some distress and inconvenience by the lack of notice, and she recommended that £200 would be fair compensation.

- The investigator wasn't persuaded that the debt owed by Mr H would be any lower now if the bank had given notice regarding the withdrawal of the overdrafts.
- During the notice period for the account closures, Barclays sent several letters about the overdrawn balances, which advised how Mr H he could make a payment. In December 2022 the bank sent formal demands for the repayment of the overdrawn balances in full. The investigator thought Barclays' actions in issuing these demands were reasonable.
- It's unclear whether Mr H has received the balance of about £30 from the third bank account when it was closed. But even if he hasn't, it would be reasonable for Barclays to retain those funds, using its right of set-off, given Mr H's other debts to the bank.
- Barclays said the credit card was closed with a month's notice, in line with its terms and conditions. But even if the bank hadn't given notice, the investigator didn't think it would have put Mr H in any worse position. That's because the balance on the card at the time was close to the credit limit, so there was little room for further spending. Barclays has also noted that the closure of this account prevented Mr H from increasing his debt. Since then, Mr H has missed repayments and the credit card account is now in arrears. Barclays has evidenced it has regularly notified Mr H about the account.
- In January 2023 the bank issued a default notice for Mr H's personal loan. As no repayments had been received since August 2022, the investigator didn't think it was unfair of Barclays to send the default notice.
- Mr H said the reason he'd been unable to maintain the credit card and loan repayments was the closure of his accounts and the removal of the overdrafts. But the investigator had concluded that it wasn't unfair of Barclays to close the accounts and facilities.

Barclays accepted the investigator's recommendation that it should pay £200 to Mr H for distress and inconvenience.

Mr H didn't agree with the investigator's conclusions. He said the reason he has no money to repay the debt is the domino effect of the account closures and his difficulty obtaining credit. He's still unhappy that Barclays wouldn't give any information on the reasons for closure of the bank accounts and wouldn't discuss the subject with him.

### **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 that, I've reached the same conclusions as the investigator and for largely the same reasons.

I have little to add to the investigator's comments. Barclays was entitled to close Mr H's bank accounts and gave him two months' notice in line with the account terms. I appreciate that Mr H would like to know why the bank chose to do this, but banks aren't obliged to give customers reasons for closing their accounts. So I can't reasonably require the bank to explain its reasons to Mr H.

Under the account terms and conditions, Barclays was entitled to withdraw the overdraft facilities at any time, but it's common ground now that it would have been fair for the bank to give Mr H notice before withdrawal. The adverse credit file information has been removed, but I agree with the investigator that Mr H should also receive £200 compensation for distress and inconvenience.

For the same reasons given by the investigator, I don't think it was unfair of the bank to close Mr H's credit card account.

I'm satisfied that Mr H missed repayments on his personal loan and, in the circumstances, I don't think the bank acted unfairly or unreasonably by sending a default notice in January 2023.

Mr H says the closure of the accounts started a domino effect which made it hard for him to repay his debt to Barclays. But I haven't found that the account closures were unfair, so I can't reasonably hold the bank responsible for any consequences of the closures.

I realise that Mr H will be disappointed by my decision. Throughout these events he has suffered financial and personal difficulties. But in my view, for the reasons given above, the bank didn't act unfairly or unreasonably when it closed the bank accounts and credit card, and issued a demand for repayment of the personal loan balance. I also think the bank was entitled to withdraw the overdraft facilities, though it should have given Mr H notice before doing so.

### **Putting things right**

In my view, a fair and reasonable outcome would be for Barclays to pay Mr H £200 for distress and inconvenience suffered when no notice was given for the withdrawal of the overdraft facilities. Barclays has offered to pay this to settle the complaint.

### **My final decision**

My final decision is that I require Barclays Bank UK PLC to pay £200 to Mr H for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 October 2023.

Colin Brown  
**Ombudsman**