

The complaint

Mr S complains that Barclays Bank UK PLC (trading as Barclaycard) unfairly closed his account without providing a proper explanation. He is also unhappy that transactions were declined before the account was closed and says the overall service provided to him was poor. Mr S wants compensation for his financial losses, and the trouble and upset he suffered.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr S had a Barclaycard which he'd opened in the late sixties.

In July 2022, Mr S received a letter from Barclays, saying it was closing his Barclaycard account. The letter informed Mr S that his account would be closed in two months, on 12 September 2022, and that after his account had been closed, he wouldn't be able to use his credit card.

Mr S was shocked and upset by Barclays decision. He has explained that he has been an exemplary customer of the bank for more than fifty years and maintained his account in excellent order throughout the entire time he has held the account. Mr S says over the years he has spent a considerable amount of money, so he says Barclays has earned a fair amount of fees through the transactions he has made using his account. So, he says Barclays should have treated him far better than it has done.

Mr S said the letter he received from Barclays about closing his account was insulting and lacked any details about why his account was being closed. After reviewing the letter Mr S tried a number of times to speak to Barclays over the phone, but the line would automatically disconnect after waiting for long periods of time, which was frustrating and meant Mr S had to spend more time making further calls.

When Mr S managed to speak to Barclays, it wouldn't give him much information about why it no longer wanted him as a customer. It simply said it was entitled to close Mr S's account and had done so in line with the terms and conditions and that it wasn't obliged to provide him with an explanation.

During the notice period, in early September 2022, Mr S attempted to use his Barclaycard to pay £1,391.01 and £1,200 to a travel company, for a trip he'd planned to USA. Mr S has explained that the payments were important to him as he had managed to secure the cost of his holiday at discounted prices. So, he was keen to make the payments as quickly as possible. However, when he attempted to make the payments, Barclays stopped them after they flagged on its fraud detection systems.

Barclays fraud team spoke to Mr S, and he confirmed the payments as genuine. However, by this time Mr S had already used an alternative card to complete the transactions. Following this, Barclays wrote to Mr S and explained why the payments had been stopped.

A week or so later, Mr S wanted to make another payment of 6,200 USD to the same travel company. But the merchant wanted to collect the payment through PayPal, which meant the transaction required a PIN sentry device. Due to the problems, he'd encountered with the earlier payments, Mr S got in touch with Barclays, whilst he was with the merchant, to confirm the payment would go through before attempting to make the payment. But Mr S didn't have a PIN Sentry device to use. And Barclays wouldn't have been able to provide Mr S a device in time for him to make the payment.

Barclays didn't explain this to Mr S and instead incorrectly told Mr S that the payment wouldn't go through as his account was due to close. Mr S then used a different payment method to make the payment to the travel agent. However, this meant Mr S incurred a financial loss due to the currency exchange rate of just under £900.

Mr S complained to Barclays about the closure of his account and his transactions being declined. In response Barclays apologised for the formatting of the notice to close letter it had sent Mr S. But said it had closed his account in line with the terms and conditions. It also said it had explained to Mr S that it had declined his transactions in early September 2022, as they had flagged for further checks on its fraud control systems. However, it accepted it had given Mr S incorrect information about why his third transaction couldn't be processed. It said this wasn't because his account was due to be closed, but because the transaction required a PIN sentry device.

Unhappy with this response Mr S brought his complaint to our service. He said Barclays had closed his account unfairly. He said he'd spent hours on the phone trying to sort things out, and the bank has made a lot of money from having him as a customer. He wants Barclays to provide a proper explanation for its actions and says Barclays should rescind the closure of his account. Mr S said Barclays should also compensate him for the time he spent on the phone, which based on his hourly rate he equates to around £5,000. Mr S said Barclays should also pay the financial losses he suffered as a result of the exchange rate fluctuation because he had to use a different payment method when paying for his USA trip.

One of our investigators looked into what had happened. After looking at all the information and circumstances of Mr S's complaint, she didn't think Barclays had treated Mr S unfairly when it had closed his account. She also said that they hadn't treated Mr S unfairly when it had declined to process the payments he wanted to make for his trip. However, she said that Barclays had given him incorrect information about why he couldn't complete the last payment he wanted to make. So, she said Barclays should pay Mr S £100 compensation for any trouble and upset this had caused him.

Barclays agreed with the investigator's view. Mr S didn't. He said Barclays closed his account unfairly and maintained that he wants to know why. He said the amount of compensation is insulting and isn't enough to punish Barclays. And prevent them from acting in the same manner in the future. He believes Barclays actions and reasons behind them to be xenophobic.

As no agreement could be reached the matter has come 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.

Barclays has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its responsibilities Barclays will monitor accounts and carry out specific or occasional checks, which is common industry practice, and what Barclays did here.

I can understand it would have been upsetting and no doubt came as quite a shock for Mr S to learn his credit card account was to be closed and no explanation given by Barclays why that was. Especially given the fact that Mr S was such a long standing customer of the bank. While not trying to minimise the upset and frustration this no doubt caused Mr S, under the terms and conditions of Mr S's account, Barclays can close an account without providing a full explanation why.

That's because Barclays is entitled to close an account with Mr S just as he is entitled to close his account with Barclays. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. I've looked at the terms and conditions and they state that Barclays could close Mr S's account by giving him at least two months' notice. I've seen the notice to close letter that Barclays sent Mr S in July 2022, giving him the full notice period, so I'm satisfied that they have complied with this part – albeit Mr S didn't appreciate the format of the letter.

Mr S was upset and felt insulted by the letter he received. Barclays has apologised for the generic letter it sent to Mr S. I can understand that being a customer for as long as he had, Mr S would have preferred to be sent a letter which was written in a more human way. But I think an apology for the upset this caused Mr S is a fair and reasonable way to resolve this aspect of Mr S's complaint. So, I won't be asking Barclays to do anything further to resolve this aspect of Mr S's complaint.

I've next gone on to consider whether Barclays' reason for closing the account was fair. In doing so, I appreciate that Barclays are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Barclays should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

I know Mr S says that he is a victim of xenophobia by Barclays. He believes Barclays closed his account on the grounds of his nationality. While I can appreciate this is his perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr S has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that this was the case. So, I haven't found that Barclays decided to close the account for an improper reason.

While I appreciate how Barclays closing his account made Mr S feel and his perspective on why Barclays took the actions it has, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Barclays would have treated another customer with similar circumstances any differently than Mr S. So, I can't say Barclays treated Mr S unfairly because of his nationality.

Barclays has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr S due to its commercial sensitivity. But I've seen nothing to suggest Barclays decision around closing Mr S's account was unfair. On balance when considering Barclays wider regulatory responsibilities and all the information available to me, I find Barclays had a legitimate basis for closing Mr S's account and not tell him why. So, I don't find Barclays treated Mr S unfairly when it closed his account. And I won't be asking Barclays to reopen his account.

I've next turned to Barclays decision to decline the transactions Mr S wanted to make to his travel agent. Banks have an obligation to try and keep their customer's accounts safe and prevent them from falling victim to fraud and scams. Sometimes they identify and stop legitimate payments due to security concerns. Based on the information I've seen; this is what happened here. The two payments Mr S wanted to make in early September 2022 were flagged by Barclays fraud detection system for further checks.

This can cause distress and inconvenience to a customer. From what Mr S has told this service, I can understand why Mr S was upset when the payments were declined – the payments were very important to him as he'd managed to secure the cost of flights at a reduced price. So, understandably, Mr S was eager to make the payments. But that doesn't necessarily mean Barclays has acted incorrectly when it declined the transactions. I would expect Barclays to have systems in place to identify fraud risks to ensure each payment has been genuinely made by their customers. The terms and conditions also permit Barclays to decline to make a payment if they suspect fraud. If Barclays had failed to do so, and that failure led to a fraudulent loss it ought reasonably to have prevented, it might be fair to hold it liable.

I've listened to a call recording of a conversation Mr S had with Barclays soon after the payments had been stopped, and I am satisfied that Barclays explained to him the reasons why they had declined them – the bank said the payments were unusual, and Mr S agreed. So, they wanted to make sure Mr S hadn't fallen victim to a fraud. Once they confirmed the payments as genuine Barclays were happy for the payments to proceed. However, by this time Mr S had made the payments via an alternative method. I can appreciate that this would have caused Mr S inconvenience, but it wouldn't be appropriate for me to award any compensation since I don't find the bank acted inappropriately when it stopped the payments to carry out fraud checks.

A few days after these transactions were stopped, Mr S wanted to make another payment to pay for his trip, however the merchant wanted Mr S to make this payment via PayPal, which required Mr S to use a PIN sentry device. Due to the earlier payments being stopped, Mr S contacted Barclays from overseas to check that they would be no problems making the payment. During the call Barclays told Mr S that he wouldn't be able to make the payment as his account was due to be closed, which was incorrect.

As a result of not being able to complete the transaction, Mr S used an alternative method to make the payment. Mr S says this cost him more money due to the exchange rates at the time, so he wants Barclays to compensate him for his financial loss which he has estimated to be around £860.

I've thought about the loss Mr S says he suffered as a result of not being able to make this transaction. Barclays has accepted that it gave Mr S wrong information about why the transaction couldn't be made during the call. But I don't think I can hold Barclays responsible for the loss Mr S has suffered. I say this because it appears the merchant wanted to collect the payment through PayPal, which meant the transaction required a PIN sentry device in order to be completed.

As Mr S was overseas at the time, this isn't something that would've been resolved quickly as Barclays wouldn't have been able to get a device to Mr S in order for him to complete the transaction. So even if Barclays hadn't made a mistake by giving him wrong information, I don't think it would have made a difference to how Mr S paid the merchant – in reaching this conclusion I have kept in mind that Mr S has said the transaction was time critical due to the favourable rates he was able to secure his travel at costs. And that the merchant wanted to be paid via PayPal. So, I won't be asking Barclays to compensate Mr S for money he says he lost due to the difference in exchange rates when he paid the travel agent.

Barclays has accepted it made a mistake by giving Mr S wrong information and agreed to pay Mr S £100 compensation recommended by the investigator for any trouble and upset this caused him. Mr S has said that this doesn't adequately reflect the amount of distress and inconvenience this matter has caused him. And says it doesn't go far enough to punish Barclays. He has estimated that he has spent around 25 hours trying to sort things out with Barclays, on the phone, which amounts to around £5,000 based on his hourly rate.

I should explain that our awards are not designed to punish a business and there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Barclay's actions have had on Mr S and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances. I'm satisfied that Barclays service fell short when it gave Mr S incorrect information. So, I'm persuaded that compensation is appropriate for this.

When we award compensation we consider the impact the error – here the incorrect information Barclays gave Mr S about why he couldn't make the payment to his travel agent. I know Mr S is seeking more compensation based on his hourly rate for the amount of time he had to spend contacting Barclays. But I should explain that we don't usually award compensation on the basis of a complainant's usual business or professional hourly rate. That's not because we think a complainant's time has no value. But basing compensation on a person's business or professional hourly rate could suggest one person's free time is worth more than another person's free time. And it might not reflect the true impact of the error on the complainant.

Mr S can charge his clients for his professional or business expertise at an hourly rate. But Mr S wasn't providing a business or professional service to Barclays. And he hasn't provided any evidence that contacting Barclays meant he was unable to carry out his usual work or lost out on any business income. I don't think based on the available evidence that Mr S suffered a financial loss.

Although Mr S wants more compensation, I'm satisfied that £100, is fair and proportionate to the trouble and upset Mr S was caused. Considering the overall circumstances of this complaint, I'm not persuaded to award Mr S more compensation.

In summary, I appreciate that Mr S will be disappointed by my decision, but for the reasons, I've explained, I'm not going to ask Barclays to do anything more to resolve his complaint.

My final decision

For the reasons I've explained, my final decision is that I partly uphold this complaint. To put things right Barclays Bank UK PLC should:

- Pay Mr S £100 compensation for the trouble and upset this matter has caused him

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or

reject my decision before 20 March 2024.

Sharon Kerrison
Ombudsman