

## The complaint

Mrs O complains Barclays Bank UK PLC ("Barclays") closed her accounts without notice nor explanation and did so with immediate effect. Mrs O adds this has caused her financial loss, and severe distress and inconvenience.

## What happened

This decision deals only with Mrs O's complaint about her Help-to-Buy ISA, and current account closures. Her complaint about a credit card also with Barclays, is being considered under a separate reference at this service.

Following a review, Barclays decided to close Mrs O's accounts including her Help-to-Buy ISA in July 2022. Unhappy with what it did, Mrs O complained. Barclays sent Mrs O a final response to her complaint, in which, and in summary, it said:

- Barclays acted correctly in closing Mrs O's accounts, but it should have given her more time to make alternative arrangements – a 62-day notice period would have been more appropriate
- This would have allowed Mrs O to switch her Help-to-Buy ISA and reduce any interruption caused by her account closures
- Mrs O successfully withdrew her balances in August 2022
- Barclays offered Mrs O £132 for the distress and inconvenience caused, and the poor service she received. This award considers the bonus fee the Government would have given towards the ISA balance based on the scheme rules

Unhappy with what Barclays said, Mrs O referred her complaint to this service. One of our Investigator's looked into the matter, and in short, they found:

- Barclays was entitled to review the accounts to meet its legal and regulatory requirements
- Barclays didn't act fairly when closing Mrs O's accounts down with immediate effect – it should have given her 60 days' notice. But having considered Barclays' reasons for closing the accounts, it acted fairly by doing so
- Our Investigator didn't agree with Mrs O's claim for any future loss through the closure of the Help to Buy ISA with immediate notice. Barclays is able to close an account at any time. So, the ISA was going to be closed in any case, regardless of the amount of notice given. Barclays offered Mrs O a 25% bonus based on her ISA closure balance of £126.81 and they thought that was fair
- But Barclays should pay an additional £100 on top of the £132 it has already offered to Mrs O for the distress and inconvenience it caused

Mrs O didn't agree with what our Investigator said. She sent a case study example from our

external website, which she says shows she should be awarded a lot more compensation for the distress and inconvenience Barclays caused her.

In response our Investigator said that each case is assessed on its own merits, and she didn't think the case study example was comparable. They also added that as Mrs O had access to another bank account, with another provider, she wasn't left without banking facilities.

Mrs O says her being pregnant at the time wasn't taken into account in terms of impact – though she accepts Barclays didn't know that was the case. She says an additional £100 isn't fair compensation for the shock, anxiety, and panic attacks she suffered whilst pregnant.

As Mrs O doesn't agree with our Investigator, this 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 Mrs O's 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 Mrs O and Barclays have said before reaching my decision. It's important to note, my decision focuses on Barclays' actions in regard to both Mrs O's current and ISA account.

I'd also add 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.

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 Barclays needs to restrict, or in some cases go as far as closing, customers' accounts.

Having seen Barclays reasons, I'm satisfied it acted in line with its obligations in reviewing the accounts. I know Mrs O would like to know why Barclays has taken the actions it has, but I'm not aware of any obligation under which I or Barclays must disclose this. And I've already said we consider some of the information Barclays has given us should be kept confidential.

Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with its terms and conditions.

The terms and conditions of the accounts, which Barclays and Mrs O had to comply with, say it could close the accounts by giving her at least, and at best, around two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Barclays have said it acted improperly by closing the accounts immediately. It should have given Mrs O the two months' notice to help her 'switch' her Help-to-Buy ISA, and account commitments like Direct Debits and standing orders. Having looked at this carefully, I'm also persuaded Barclays didn't have information enough to have closed the accounts immediately.

Though, I do think from what I've seen, Barclays had reason enough to close the accounts by giving two months' notice. To have acted the way it did, I would have expected Barclays to have stronger evidence and for it to have carried out proactive due diligence – something it appears it's failed to do here.

So, this brings me onto the crux of Mrs O's complaint – that is, what is fair compensation for any financial loss and distress and inconvenience caused.

#### *Help-to-Buy ISA account*

I've seen a copy of Mrs O's ISA statement from November 2021 up until it was closed in July 2022 with a balance of around £130. I note that she has taken funds out of the account as well as depositing funds into it, and the most the balance has ever been in this period was around £430. So I don't find it particularly plausible that Mrs O was relying on this money in the short term to buy a house.

Barclays say that had it given Mrs O two months' notice she could have switched the account to another provider. Though the Government stopped these types of ISA accounts, someone could still transfer one to another provider – even after the scheme was stopped.

So its possible, had Barclays done what it should have, Mrs O could've transferred around £130 to a new Help-to-Buy ISA with another provider before the account was closed in two months' time from notice. The Help-to-Buy scheme involved the Government giving a top up of 25% of the saved funds to the scheme beneficiary if, and when, they wanted to use the funds for a house purchase.

Barclays have already offered Mrs O 25% of what she would have lost based on the closing balance. But I need to consider if this is fair redress given she could've continued using this ISA scheme with another provider.

The problem here is that on one hand Mrs O doesn't appear to be saving significant sums into this account nor is it possible to know whether she would have saved much more and realised more Government fund support. My understanding is that this was capped at a savings amount of £12,000 with a maximum government top up of £3,000.

Given it's impossible to know what Mrs O would have saved over time, and as she's said she was looking for property when her finances became stable, I can't fairly award her any loss more than what Barclays have offered. Ultimately, the loss argued here is too far removed and without a stronger record of regular and consistent saving patterns with a more definitive target of house purchase, I can't fairly award more compensation for any prospective financial loss.

#### *Distress and Inconvenience*

Mrs O says her being pregnant exacerbated her stress and anxiety, and she had to borrow

money for a short time from family. She says that her family stepped in to help her with transferring regular payments to her other account.

Given Mrs O had another bank account, and as I can't award redress to the inconvenience others have suffered in helping her – as it's their inconvenience not Mrs O's – I'm satisfied £200 is fair award.

My compensation award considers the stress caused to Mrs O, the impact the closures had on her whilst she was pregnant - I note she hadn't told Barclays about this. I don't undervalue the accounts being closed in this way caused her distress and inconvenience, but for the reasons above, and as Barclays acted fairly by deciding to close the accounts, I'm satisfied £200 plus £32 for the Help-to-Buy ISA top up is fair and reasonable in the circumstances of this complaint.

I note Mrs O has sent us a case study from our website to demonstrate why she thinks a higher award of compensation should be made. But I must decide a complaint on its individual circumstances and the evidence available. And that is what I've done here.

### **My final decision**

For the reasons above, I've decided to uphold this complaint in part. I now direct Barclays Bank UK PLC to pay Mrs O £232 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 25 August 2023.

Ketan Nagla

**Ombudsman**