

The complaint

Mr B complains about that Barclays Bank UK PLC unfairly restricted and then closed his account, and made it look like he was in a great deal of debt. He would like an apology and an explanation.

What happened

In January 2023, Barclays blocked Mr B's account with them. When he checked his balance, he saw he was very significantly overdrawn, making him appear in considerable debt to the bank. He contacted Barclays, who told him the account was under review.

Several days after Barclays closed with Mr B's account with immediate effect but allowed him to withdraw the funds remaining in his account when it was blocked.

Mr B raised a complaint, asking why Barclays had put his account in so much debt. He said this had caused significant problems with his mental health. Barclays responded to say they were sometimes required to withhold transactions and block accounts. They confirmed Mr B was not in any debt to them, and they did not think they'd done anything wrong by restricting the account. But they accepted he had been given some incorrect information – and offered him £50 in compensation.

Unhappy with this answer Mr B referred the complaint to our service. One of our investigators looked into what happened. They couldn't see Barclays were justified in closing Mr B's account without notice. They suggested paying Mr B an additional £100 in compensation for the inconvenience.

Barclays accepted this, but Mr B disagreed. He said he didn't want to know why the account was closed, and instead wanted to know why he had been treated the way he had, and he had been told conflicting stories.

As no agreement could be reached the complaint has 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.

It's right to say that Barclays have strict legal and regulatory requirements to meet when providing accounts to people. They are required to carry out ongoing monitoring of account activity – and this can sometimes mean they need to restrict or close off accounts. There is provision for this in the terms of the account.

Having reviewed the information supplied by Barclays I'm satisfied that they were acting in line with their requirements and the account terms when they blocked Mr B's account. But the manner in which they did it, by taking the account very significantly overdrawn, will have caused a degree of alarm to Mr B. I can understand it would be distressing to suddenly

appear to be in great deal of debt to your bank, and I appreciate what he's told us about how this affected him.

Barclays are also allowed to close their customer's accounts – so long as they do so in line with the terms of the account. In Mr B's case the terms say they have to give two months' notice, which is in line with the relevant regulations. This is to allow time to open an account elsewhere in reasonable time. But Mr B was denied this opportunity.

But here they closed Mr B's account shortly after the block was applied – so in effect his account was closed with no notice. The terms only allow for this in limited circumstances. Having reviewed what happened with Mr B's account and Barclays concerns, I'm not satisfied that these circumstances were met. Barclays should have provided Mr B with the notice period set out in the terms, and it was unfair for them not to do so.

I can see that the funds in the account were returned to Mr B in good time, and he wasn't let without them for an unreasonable period.

There's no obligation on Barclays to tell Mr B why they're reviewing and closing his account – and they've declined to offer up any further details. This isn't unreasonable. Mr B has said he doesn't want to know why the account was closed, just why he was treated this way by Barclays. But I consider these to be related points. Quite often when an account is under review there's not a great deal of information that the customer can be told. I see this as why Mr B was likely given contradictory information about the block and couldn't be told how long the entire process would take. I appreciate this will have been frustrating for Mr B, but I don't think Barclays were unreasonable in declining to discuss the block or review process.

Overall, I see that while it was fair for Barclays to block and close Mr B's accounts, the manner in which they did so was unfair to him and will have caused him unnecessary distress. On that basis I'm satisfied it's appropriate for them to pay him compensation. Having reviewed everything, and considered the impact on Mr B, I think £150 in total is a fair amount. Barclays have already paid £50, so this will be an additional £100.

My final decision

My final decision is that Barclays Bank UK Plc must pay Mr B £150 compensation in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 October 2023.

Thom Bennett
Ombudsman