

The complaint

Miss F and Mr M have complained that Barclays Bank UK PLC (“Barclays”) closed their accounts.

Miss F and Mr M are also unhappy about the amount of time and effort it took to arrange for the balance of their accounts to be paid to them.

What happened

Barclays wrote to Miss F and Mr M on 10 May 2022 to explain it had introduced limitations on accounts held within the European Economic Area (“EEA”), resulting in it deciding to close Miss F and Mr M’s account. It said that it had identified that Miss F was living in the EEA and that to keep the accounts, the account holders would need to reside in the UK and have a registered address in the UK. Barclays explained that if Miss F and Mr M did not meet the requirements for the accounts, their accounts would be closed by 2 December 2022.

Barclays sent two further letters on 8 August 2022 and 7 November 2022 reminding Miss F and Mr M that they need to take action. Barclays says that as there was still an EEA address recorded on the accounts by 24 November 2022, it closed the account on 6 December 2022.

Miss F and Mr M say they submitted a form online on 3 February 2023 to request the balance of their accounts to be paid out to them. However, Barclays says it didn’t receive this form.

Miss F and Mr M say they called Barclays a number of times to find out what was happening with their money, and were told on 11 March 2023 that Barclays didn’t have the form and that they would need to resubmit it.

On 13 March 2023 Miss F and Mr M resubmitted the form. They were told on 4 April 2023 that their claim had been successful and that they should call back on 11 April 2023, if they had still not received their funds. Miss F and Mr M called back on 11 April 2023 and were told that a cheque had been sent to them on 3 April 2023.

On 19 April 2023 Miss F and Mr M called again and were told that Barclays had written to them for transfer details. Miss F and Mr M say they had already provided this information when they submitted the claim for the balance of their accounts to be paid to them.

Unhappy with how matters were handled, Miss F and Mr M complained to Barclays. Barclays sent its final response letter on 8 June 2023 to Miss F and Mr M’s representative. It explained that it had written to Miss F and Mr M to inform them that their accounts would close. It says that as an overseas address was still recorded for Miss F and Mr M by 24 November 2022, it took the decision to close the accounts.

However, Barclays acknowledged that it didn’t handle Miss F and Mr M’s request to get the balance of the accounts paid out to them well. Barclays maintained that it never received the

completed online form in February 2023 but says it should've handled matters better when Miss F and Mr M had submitted the form in March 2023.

Barclays said, had things gone as they should've, Miss F and Mr M would've had their funds by 28 March 2023. So, Barclays agreed to pay Miss F and Mr M 8% simple interest, less tax, on the amount owed to them from 28 March 2023 until when Barclays had arranged for the money to be paid to them. Barclays also agreed to pay Miss F and Mr M £300 compensation to apologise for how it'd handled matters.

After they referred their complaint to this service, one of our investigators assessed the complaint and they concluded that what Barclays had offered to put matters right seemed reasonable. So, they didn't think that Barclays should do anything more, than what it had already offered to do.

As Miss F and Mr M were unhappy with this, the matter was referred for an ombudsman's decision.

I issued a provisional decision, upholding this complaint, on 12 February 2024. I have included an extract of my decision below and it forms a part of this decision.

"What I've provisionally 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 reviewed everything, I currently think that Barclays needs to do more than what it offered to do. I will explain why.

Account closure

Based on what Miss F and Mr M have said about their circumstances, I can appreciate why they are unhappy with Barclays' decision to close their account.

However, Barclays has explained that following the UK leaving the EU, it reviewed the services it offered to customers outside of the UK. This resulted in a letter being sent to Miss F and Mr M to inform them that, unless they were UK residence and could provide a UK address, their account would be closed.

In terms of its decision to close the account, I should explain that banks are entitled to decide for themselves whether to do business or continue doing business with a customer.

Each financial institution has its own criteria and risk assessments for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

In this case, Barclays made a policy decision to limit certain services provided to customers living outside of the UK. In the circumstances, I cannot say Barclays did anything wrong or was being unfair in making this decision, as ultimately it was entitled to make such a decision. I have however considered whether Barclays provided Miss F and Mr M with reasonable notice, before their account was closed.

The closure letter was sent to Miss F and Mr M in May 2022. This provided details of what was happening and what action Miss F and Mr M needed to take, before their account was closed. This letter explained that if Barclays needed to close the account, it would do so around 2 December 2022. So, in the circumstances, I don't think that Barclays acted unfairly or unreasonably in deciding to close Miss F and Mr M's account.

Difficulties accessing money from closed account

Miss F and Mr M changed their address to a UK address in June 2022. I understand they did this in the expectation that it would allow them to keep their accounts open. However, when they did this, due to a quirk in Barclays' system, although the address was updated to a UK address, it also included the name of the country that Miss F and Mr M lived in.

Following Miss F and Mr M changing their address, Barclays sent them two further letters on 8 August 2022 and 7 November 2022. Both of these letters said that Miss F and Mr M's accounts were still due to be closed by 2 December 2022. They also said that if Miss F and Mr M had recently provided Barclays with an updated address, they should contact Barclays to check they didn't need to do anything. However, as Barclays didn't hear back from Miss F and Mr M, it went on to close their account on 6 December 2022.

Miss F and Mr M say they (or at least the person living at the UK address) didn't receive either of these letters. In the circumstances, I think it's likely that these letters were not received. I say this because firstly, the address on the letter included the name of the country where Miss F and Mr M reside, and Barclays has acknowledged that this error may've affected whether the letters were received. Also, I note that Miss F and Mr M say they tried to activate a new debit card in January 2023. I doubt that Miss F and Mr M would've done that if they'd been informed that, despite changing their address to a UK address, their account was still destined to be closed in December 2022.

Had the letters been correctly addressed and Miss F and Mr M had been notified that their account would still be closed in December 2022, I think it likely that they would've transferred all of their money out of their Barclays' accounts by the time that their account was closed.

As such, had things gone as they should've, I don't think Miss F and Mr M would've been deprived of their money for as long as they were.

So, in the circumstances, I think it would be fair that Barclays pay 8% simple annual interest, on Miss F and Mr M's money held in their Barclays' accounts. This should be calculated from when the account was closed, until when Barclays paid them their money them.

Finally, I note that Miss F and Mr M did not have access to their money for a fair amount of time. And bearing how much money they held with Barclays, I appreciate that it would've been distressing not being able to access their money. I can also see that Miss F and Mr M had to contact Barclays many times over a period of about two and half months to get matters rectified.

In the circumstances, I'm minded to say that Barclays should also pay a slightly increased amount of compensation of £400, to better reflect the impact this had on Miss F and Mr M.

Putting matters right

So to put matters right, I'm currently minded to say that Barclays should:

- *Pay 8% simple annual interest, less any deductible tax*, on Miss F and Mr M's money held in their Barclays' accounts, from 6 December 2022 until when Barclays had arranged for the money to be paid to them; and*
- *Pay £400 compensation for the distress and inconvenience caused; then*
- *Deduct from the total amount above, any compensation that has already been paid to Miss F and Mr M, and pay Miss F and Mr M the difference.*

**HM Revenue & Customs requires Barclays to deduct tax from this interest. Barclays should give Miss F and Mr M a certificate showing how much tax it has deducted, if they ask for one."*

After I issued my provisional decision, Barclays responded, and said that it accepts my findings.

Miss F and Mr M also responded. In summary, they said that:

- When they tried updating their address to the UK, there was a glitch with Barclays' system that meant that the country where they lived was still included in the UK address.
- If they had received the letters informing them the accounts would still be closed after they'd updated their address, they would've acted immediately.
- They question whether the cheque that Barclays sent them was ever sent, as it was cancelled after 6 weeks.
- They received a letter at their overseas address in May 2023 confirming that Barclays had changed their address, followed shortly by another letter saying the accounts were closed.
- The whole process has been unacceptable, and they question why only £400 is being awarded in compensation, when they could not buy the house they wanted, and they experienced stress and anxiety by not having access to their money.
- They wanted to know how much the interest award will be (after the deduction for what has already been paid to them).

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 reconsidered everything, I've not seen anything to change my view on this complaint.

In terms of what Miss F and Mr M say about the letters they received, I did consider those letters (and the strange timing of when they were received) before I issued my provisional decision. That evidence strengthened my view that Miss F and Mr M likely did not receive the letters that Barclays had sent confirming that their account would still be closing, even though they'd updated their address to a UK one.

Miss F and Mr M say that if they had received the closure letters, they would've acted immediately. However, I can't say for sure whether that would've been the case, or if they would've waited until closer to the time that their accounts were due to close, before transferring the balance of their accounts to another account. I'm also mindful that they had

access to their money up until the account was closed. As such, I think it is fair that the 8% simple annual interest award is calculated from the date they no longer had access to their money i.e. when the accounts were closed – which is when Miss F and Mr M had originally asked that the interest be paid from – rather than from when the closure letters were sent.

Miss F and Mr M say that they don't believe the cheque that had been sent to them had actually been sent as Barclays cancelled it 6 weeks later. I'm not sure I agree with this. I think it's more likely that the letter may've been lost in the post (just like other letters had). Furthermore, Barclays can cancel a cheque at any time, providing it's not been cashed. So, I can't see how Barclays cancelling a cheque after Miss F and Mr M had said they didn't receive it, is evidence that it was not sent in the first place.

In terms of the compensatory award, I have considered what Miss F and Mr M have said. But taking everything into account, I do think the *total* redress that I outlined in my provisional decision - which includes £400 compensation for the distress and inconvenience caused - is fair and reasonable.

I say this bearing in mind that the compensatory interest award that I also awarded reflects the fact that Miss F and Mr M didn't have the benefit of their money for several months between when their Barclays accounts were closed and when the account balances were paid to them. I understand that when Barclays paid Miss F and Mr M the interest award before, this came to around £7,000. So, Miss F and Mr M are receiving a significant amount of compensation to put matters right in this case.

Unfortunately, I can't provide a figure to Miss F and Mr M about the total amount of redress that is left to be paid to them. This needs to be calculated by Barclays. However, if they accept the decision and they believe the amount paid to them is wrong, then they would be free to question this further with Barclays and raise a further complaint (if matters can't be resolved informally first, that is).

So, in summary, Barclays was reasonably entitled to decide to close Miss F and Mr M's accounts. However, I think the glitch with Barclays' address system led to Miss F and Mr M not being informed that their accounts would still be closed, when they thought they wouldn't be due to updating their address to a UK one.

Had things gone as they should've, I don't think that Miss F and Mr M would've experienced the distress and inconvenience that they did. I also think that, had Miss F and Mr M known that their account was still due to close in December 2022, they would've transferred the money out of their account by then. This in turn would've avoided them being deprived of having access to their money held with Barclays - which was a sizable amount - for several months.

Putting things right

So, to put matters right, I require Barclays to:

- Pay 8% simple annual interest, less any deductible tax*, on Miss F and Mr M's money held in their Barclays' accounts, from 6 December 2022 until when Barclays had arranged for the money to be paid to them; and
- Pay £400 compensation for the distress and inconvenience caused; then
- Deduct from the total amount above, any compensation that has already been paid to Miss F and Mr M, and pay Miss F and Mr M the difference.

*HM Revenue & Customs requires Barclays to deduct tax from this interest. Barclays should give Miss F and Mr M a certificate showing how much tax it has deducted, if they ask for one.

My final decision

For the reasons given above and in my provisional decision, I uphold this complaint and require Barclays Bank UK PLC to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F and Mr M to accept or reject my decision before 2 April 2024.

Thomas White
Ombudsman