

The complaint

Mr and Mrs P complain Barclays Bank UK PLC (“Barclays”) closed their accounts without explanation and withheld their funds for an unreasonable time. Mr and Mrs P believe Barclays’ decision to act in this way was discriminatory.

Mr and Mrs P want Barclays to return their funds, re-open their accounts and pay compensation for the distress and inconvenience they’ve suffered.

What happened

This decision only deals with accounts held in the joint names of Mr and Mrs P.

In July 2022, following an internal review, Barclays decided to close Mr and Mrs P’s accounts. Barclays sent Mr and Mrs P a letter in which it notified them of this decision and that their accounts will be closed in two months’ time on 11 September 2022.

Unhappy with Barclays’ actions, Mr and Mrs P complained. Barclays didn’t uphold Mr and Mrs P’s complaint. In summary, Barclays said in its response of October 2022:

- Barclays can’t give Mr and Mrs P further information behind its decision to close their accounts, but it can confirm it has acted correctly and in line with the terms of the accounts in doing so
- Mr and Mrs P can access their remaining funds by visiting a Barclays branch with two forms of ID documents

Mr and Mrs P’s current account was closed on 26 September 2022, and their savings account on 7 October 2022.

Mr and Mrs P say Barclays are holding around £85,000 since October 2022. Mr and Mrs P add that Barclays’ actions have adversely affected their credit file and has therefore led to a financial loss as they’ve not been able to re-mortgage their home for a better interest rate and product.

After the two accounts Mr and Mrs P held in their names were closed, the funds held in them were moved to Barclays’ internal sundry accounts. When Mr and Mrs P asked Barclays about their funds, they were told they couldn’t be located, and it hadn’t been able to identify any remaining credit balances in May 2023.

Unhappy with Barclays’ response, Mr and Mrs P referred their complaint to this service. As part of its submissions, Barclays offered Mr and Mrs P the following to resolve their complaint:

- £101.78 for interest accrued on their savings account
- £250.72 for interest on the funds held in their current account; and

- £200 compensation for the upset caused and for branch visits

Mr and Mrs P didn't accept Barclays' offer. One of our Investigator's then looked into their complaint. They recommended it be upheld in part. In short, the key findings they made were:

- Barclays closed the accounts in line with their terms and conditions and did so by giving Mr and Mrs P two months' notice
- Barclays doesn't need to give Mr and Mrs P an explanation for why it closed their accounts. But it has explained this to our service. And this shows it acted in line with the terms and conditions of the accounts when closing them
- Our Investigator understood why Mr and Mrs P felt discriminated against based on their country of birth. But having looked at all the evidence, Barclays didn't discriminate against them. Barclays has shown it closed Mr and Mrs P's accounts for valid reasons
- Barclays accept it took too long to release Mr and Mrs P's funds to them once the accounts were closed. To put thing right, Barclays has offered to pay 8% simple interest on the account balances for the time Mr and Mrs P have been deprived of their funds. This is in line with this service's approach
- Barclays offer of £200 compensation for any distress and inconvenience caused is fair

Barclays agreed with what our Investigator said. Mr and Mrs P did not. They say it is their right to know the reasons for why the accounts were closed – except for very narrow legal exceptions. In response, our Investigator said Barclays is under no obligation to explain why it closed the accounts.

Mr and Mrs P sent in further information for an ombudsman to consider which relates to a former conviction against Mr P which was later quashed in the court.

As Mr and Mrs P didn't agree, their 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 this 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 Mr and Mrs P and Barclays have said before reaching my decision.

As I've said earlier, it's important to note, my decision focuses only on the two accounts

Mr and Mrs P held jointly in their names only. To be clear, this means any other account which may include other joint signatories will not form part of this decision.

Account review and closures

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 banks need to restrict, or in some cases go as far as closing, customers' accounts.

Barclays has explained and given me information to show why it reviewed Mr and Mrs P's accounts. I'm satisfied Barclays took these actions in line with its obligations.

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 the terms and conditions of the account.

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

Barclays gave Mr and Mrs P two months' notice of closure, and it didn't place any restrictions on their access during the notice period. Barclays has also sent me information and an explanation as to why it decided to close their accounts. After carefully considering this, I'm satisfied Barclays was entitled to close the accounts in the way it did.

I know Mr and Mrs P feel very strongly, and believe it's their right, to receive a detailed explanation as to why Barclays acted in the way it did. But Barclays is under no obligation to do so.

I would add too 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.

Discrimination

Mr and Mrs P say Barclays acted in the way it has here because of discrimination due to their place of birth – in other words, their race. I'd like to assure Mr and Mrs P that I've very carefully considered everything they've said about this. And I want to make clear I do not doubt how genuinely they feel about this matter and the upset Barclays' actions have caused them.

But I've not seen Barclays had any written policy document to that effect. Nor have I seen anything else which shows Barclays was treating Mr and Mrs P differently because of a protected characteristic. And while I appreciate this is their perspective, it is not my role to decide whether discrimination has taken place as a matter of law – only the courts have the power to decide this.

I have, however, considered the relevant law in relation to what Mr and Mrs P have 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. But after doing so, I've not seen evidence to indicate Mr and Mrs P were discriminated against on the grounds of their race. So I haven't found that Barclays' behaviour was improper.

Instead, and as I've said already, there are a large number of regulations and laws that financial businesses must take heed of in running customer's accounts. And it is in relation to those obligations that I find Barclays' decision to close Mr and Mrs P's accounts was made.

Return of funds

In July 2022, Barclays informed Mr and Mrs P in its letter notifying them of the closures that they would need to make alternative banking arrangements, and that meant they would need to move any regular payments like direct debits to another external account.

Once the accounts had closed, Barclays informed Mr and Mrs P that they could withdraw their funds by going into one of its branches with ID.

Barclays' internal notes show Mr and Mrs P went into one of its branches, and their ID's were verified on 9 December 2022. The same notes show Mr P called Barclays in June 2023 and he was told the accounts had been closed, and the current account funds could be withdrawn in branch on the same day – and the savings account funds the following week.

It's not clear why Mr and Mrs P didn't move their funds during the notice period, and there doesn't appear to be any reason that I've seen that prevented them from doing so given they had access to their funds.

But it is clear that once the accounts were closed, Barclays took too long to release the funds. Given Mr and Mrs P had themselves identified in line with Barclays' processes on 9 December 2022, I'm persuaded Barclays should pay 8% simple interest on the funds in the current account until settlement, and the prevailing savings rate on the funds in the savings account during the same period. This is to compensate Mr and Mrs P for being deprived of their funds for longer than they ought to have been without them.

Credit file and distress and inconvenience suffered

Mr and Mrs P say Barclays' actions affected their credit file and prevented them from re-mortgaging their property for a better interest rate. I don't agree. Mr and Mrs P were informed of their accounts being closed, so they could have released their funds much sooner if they needed them to pay creditors.

I'd also add that I haven't seen Barclays placed any adverse markers against them. The credit files Mr and Mrs P have sent in show that their payments to creditors were made in time in 2020 and 2021. And any late payments were made in 2018 – which is well before Barclays closed their accounts. So I don't think Barclays need to do anything in relation to this complaint point.

Barclays accept that Mr and Mrs P were caused distress and inconvenience because of its error in not releasing the funds sooner – which in turn meant they visited a branch more than they ought to have done. Having considered this, I'm satisfied £200 is fair compensation for the distress and inconvenience this caused them. This award also accounts for Barclays telling Mr and Mrs P they didn't have their money – when they did.

To be clear, I am not awarding any compensation for the distress and inconvenience Barclays' decision to close the accounts caused Mr and Mrs P. That's because I don't think it did anything wrong here.

Putting things right

To put things right, Barclays must now:

- Pay 8% simple interest on the balance of the funds in Mr and Mrs P's current account from 9 December 2022 until settlement*
- Pay the prevailing savings rate on the funds in Mr and Mrs P's savings account from 9 December 2022 until settlement*
- Pay Mr and Mrs P £200 compensation for the distress and inconvenience they've suffered

* If Barclays considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs P how much it's taken off. It should also give Mr and Mrs P a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I uphold this complaint in part. Barclays Bank UK PLC must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 22 March 2024.

Ketan Nagla
Ombudsman