

The complaint

Mrs B complains that Barclays Bank UK PLC closed her bank account and didn't release her funds. She'd like the funds returned, interest for the lack of access and compensation.

What happened

Mrs B's daughter is representing Mrs B on this complaint. For ease I'll refer to any communications from Mrs B's daughter as though they came from Mrs B.

Mrs B had an account with Barclays.

In February 2022 Barclays wrote to Mrs B to advise that because she has an address outside of the United Kingdom they'll be closing her account in September 2022.

Barclays sent further letters to Mrs B advising her about the closure – in July 2022 Barclays sent a letter to Mrs B saying they'd received Mrs B's request to close her account and for her funds to be transferred she'd need to fill out the attached form.

On 23 August 2022 Barclays sent Mrs B a further letter advising they'd received her request to transfer the funds – however they'd need to speak with her to do an identity and verification check. Barclays asked Mrs B to phone in and complete security.

On 29 November 2022 Mrs B's daughter phoned in for an update – however the funds hadn't been returned by that date. Barclays advised the funds couldn't be transferred as they need the unique reference number from the closure letter, which they didn't have. Further letters were sent to Mrs B in March 2023 and May 2023 asking for the reference number. After this was provided on 28 June 2023 the funds were transferred to Mrs B in July 2023.

One of our investigator's looked into Mrs B's complaint. She thought Barclays acted fairly in closing Mrs B's account, but should have returned her funds when the account was closed. Our investigator recommended 8% interest on the funds in Mrs B's account from the date of closure to the date they were released. Plus £200 compensation.

Mrs B agreed – but Barclays didn't. They agreed there had been some delays, especially from 29 November 2022 onwards. But didn't agree to 8% interest on the funds, and instead offered £300 compensation.

As an agreement couldn't be reached between the parties the case 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.

I've briefly considered the account closure first. Although, I'm satisfied this isn't the crux of Mrs B's complaint. Instead I think that's whether Barclays acted fairly in failing to release Mrs B's funds to her when the account was closed.

Barclays wrote to Mrs B in February 2022 to advise that because her address was listed as outside the UK they would be closing her account on 4 September 2022. A bank is entitled to decide who'd they'd like to contract with, much as a customer is, as long as they follow the terms and conditions of the account and don't discriminate against them. Having reviewed the terms and conditions of the account, I'm satisfied Barclays acted fairly in advising Mrs B they couldn't provide her a current account if she resided outside of the UK. Mrs B agrees she was residing outside the UK – it follows I can't say Barclays acted unfairly.

Return of funds

Barclays have accepted they caused a delay in returning Mrs B's funds to her – albeit they argue Mrs B could have supplied documents to them sooner. I've looked at the evidence Barclays have provided our service and I think they could have done more to ensure Mrs B was provided with her funds prior to the closure.

Barclays have argued that they were advised by Mrs B that she wanted to close her account on 23 August 2022. However, from the evidence I've seen Barclays sent Mrs B a letter on 6 July 2022 informing her of what she needs to provide to transfer her funds out of the account. Within this letter I can't see any mention of Mrs B being required to phone Barclays to do this, however on Mrs B responding to the letter Barclays asked her to phone in and complete an identity and verification check.

I understand Barclays' argument that due to the large value of the balance they have a process which requires additional checks, including the customer phoning the bank to complete identity and verification checks. However, I can't see why Mrs B wasn't informed of this on 6 July 2022 when she was advised of the other information which needed to be provided. If she had been I think Mrs B would have provided the required details much sooner, and prior to when the account was closed. It follows, Mrs B's funds wouldn't have been blocked from 4 September 2022 onwards until release in July 2023. I'm satisfied Barclays' actions led to Mrs B's funds being unavailable to her during this time.

Putting things right

I think Barclays caused Mrs B to lose access to her funds between 4 September 2022 and July 2023. I'm satisfied Mrs B was deprived of access to her funds and should be reimbursed 8% annual interest from the date of restriction to date of release.

Our investigator recommended that Mrs B is paid £200 compensation for the inconvenience caused to her. Mrs B explained how she experienced significant distress and anxiety in not getting her funds. Taking into account Mrs B's age and vulnerability I agree that not being able to access her funds likely caused Mrs B significant harm. And £200 is fair compensation for the impact caused to her.

My final decision

My final decision is I uphold this complaint and direct Barclays Bank UK PLC to:

- Pay Mrs B 8% interest on the funds from 4 September 2022 to the date the funds were released
- Pay Mrs £200 compensation for the inconvenience caused to her

HM Revenue & Customs require Barclays Bank UK Bank PLC to withhold income tax from the abovementioned interest. Barclays should give Mrs B a certificate showing how much is taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 4 January 2024.

Jeff Burch
Ombudsman