

The complaint

Mr K complains that Barclays Bank UK Plc closed his accounts without notice and without good reason. His account showed that he was overdrawn by £500,000, and he believes this resulted in a loan being declined. He also believes that the bank's actions meant that he could not access his insurance details.

What happened

Mr K has held current and savings accounts with Barclays for many years. In early August 2023 he tried to make a payment into his current account, but it was returned. When he contacted the bank, he was told the account had been closed. He complained about what had happened.

Barclays said in response that it had taken the decision to close Mr K's accounts and that it was entitled to do so under the account's terms and conditions. It said however that it should have given Mr K 62 days' notice before doing so. In respect of the apparent overdrawn balance, the bank said this too had been an error and that Mr K did not in fact owe that money and never had done. It noted that the error had been corrected almost immediately.

In recognition of its errors, Barclays offered Mr K £200 by way of compensation.

Mr K did not accept the bank's explanations or its offer of compensation. He referred the matter to this service. One of our investigators considered what had happened but thought that the bank's offer was fair in the circumstances. She didn't recommend that Barclays increase it.

Mr K did not accept the investigator's view and asked that an ombudsman review the case.

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 is generally for a bank to decide, as a matter of its own commercial judgment, whether to provide, or to continue to provide, banking services to any individual. Unless there is a very good reason to do so, this service won't usually tell a bank that it should open, keep open or re-open an account.

Bank account terms usually allow a bank to close an account, either with or without notice – depending on the reason for closure. In this case, Barclays sent a closure letter to Mr K on 15 August 2023, telling him it had closed his accounts. It accepts that it should however have given him 62 days' notice – giving him until the middle of October 2023 to make alternative banking arrangements.

Before it closed Mr K's accounts, Barclays carried out a review of them. While it did that, the accounts were briefly blocked. Again, I am satisfied that Barclays was entitled to act as it did. While the accounts were blocked, however, the current account appeared to be overdrawn by £500,000. It was not in fact overdrawn – in the sense that Mr K did not owe that money to

Barclays and the account statements did not show an overdrawn balance. I can understand however why Mr K would have been concerned by the apparent debt – however briefly it appeared.

Barclays has acknowledged its errors in this case, and it offered £200 in recognition of them. In my view, that offer was a fair one which would adequately compensate Mr K for the results of the bank's errors.

I note that Mr K says he had a loan declined because of Barclays' actions. The evidence he has provided shows however that the loan was declined several days before his accounts were blocked. He says too that he was unable to see an insurance policy online at around the same time. I am not persuaded however that any difficulties Mr K may have had with an insurance policy from a different financial business were linked in any way to Barclays' actions which led to this complaint.

As I have indicated, I believe that the offer of £200 was a fair one. Mr K declined it. Strictly speaking, therefore: (i) it is not open to him to change his mind and accept it and (ii) Barclays is under no obligation to reinstate it. I believe however that the bank did make an error for which Mr K should receive some compensation, and that £200 is an appropriate figure. I will therefore make a formal award so that Mr K can accept it if, on reflection, he chooses to do so.

My final decision

For these reasons, my final decision is that, to resolve Mr K's complaint in full, Barclays Bank UK PLC should pay Mr K £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 June 2024.

Mike Ingram
Ombudsman