

The complaint

A company I'll call G complains that Barclays Bank UK PLC (Barclays) closed its account, and that its director received confusing messages about a Bounce Back Loan in G's name, which he couldn't speak to Barclays about.

G is represented by one of its directors, Mr F.

What happened

On 5 September 2022, Barclays issued a letter giving it two months' notice of its intention to close G's account. This letter followed several letters Barclays had issued to G saying G had missed a number of payments on its Bounce Back Loan (BBL).

Mr F tried to speak to Barclays about a number of text messages he received about the BBL, but said he wasn't able to do so because Barclays passed him around to different departments when he called, and that his local branch wasn't able to help. Ultimately, Barclays called in the BBL on 15 February 2023, after G had failed to make the agreed payments.

Mr F complained to Barclays, but it rejected his complaint, save for one small part. It said it was entitled to close G's account and that it had followed the correct process when it called in G's BBL. It apologised for any confusion Mr F had experienced, as he had told Barclays he was unsure as to the status of G's account and BBL. And it paid £50 in compensation to recognise the inconvenience caused by Barclays' communication.

Mr F wanted Barclays to pay more compensation, so he brought G's complaint to our service. Our Investigator looked at G's complaint, but she didn't uphold it. She said Barclays had followed the correct procedure when it closed G's account and called in the BBL. She recognised Barclays' customer service was below standard, but she felt £50 was sufficient compensation.

Mr F didn't accept our Investigator's findings. He said the debt recovery agent dealing with the BBL had acknowledged Barclays had written to the wrong address for G, and he remained unhappy with Barclays' communication. He asked for an Ombudsman to review the matter afresh.

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.

A bank is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. Barclays' terms of business say it can close G's account by giving two months' notice and its letter dated 5 September 2022 said G's account would close on 4 November 2022, i.e. two months after the date of the letter.

Barclays has provided our service with a copy of the letter it sent, and I can see that it was correctly addressed and dispatched in time. So I'm satisfied it gave the correct notice. I've also looked at the evidence Barclays provided our service to determine whether or not it acted fairly when it closed G's account. And having done so, I'm satisfied that it did and that it was entitled to close G's account in the manner it did, and that it doesn't have to explain the reasons for its decision to Mr F.

Mr F has sent our service copies of the text messages Barclays sent him – they said several payments had been missed on G's BBL and encouraged Mr F to call Barclays to discuss the situation. Barclays has also sent our service copies of a number of letters it issued to G, detailing missed payments on the BBL. The letters are addressed correctly and set out clearly that payments have been missed.

I recognise Mr F had difficulty in contacting Barclays, but I'm not persuaded that difficulty changed G's situation significantly. G had fallen into arrears on its BBL and ultimately Barclays defaulted the loan, as it is entitled to do. And I've seen nothing to suggest that G wouldn't have fallen into arrears, had he been able to speak to Barclays: the letters were issued over several months and Mr F has produced no evidence to show he was able to repay the BBL or that he attempted to do so.

I recognise Mr F had difficulty in speaking to Barclays, and I agree it should pay compensation to recognise the inconvenience G experienced as a result. However, I won't ask Barclays to increase its compensation. Barclays' customer is G, not Mr F. so I can only award compensation for difficulties experienced by G, not Mr F personally. So, while I have no doubt Mr F experienced significant distress, I can't ask Barclays to compensate Mr F for that distress. And I can only ask it to compensate G for any inconvenience it experienced as a result of Barclays' error.

While I can see this was a difficult time for Mr F, I take the view that most of his difficulties were caused by G's inability to repay its BBL. And so, I'm satisfied that Barclays has done enough by offering £50 in compensation for the inconvenience its communication caused.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 7 June 2024.

Alex Brooke-Smith
Ombudsman