

The complaint

Mr A complains that Barclays Bank UK PLC unfairly closed his bank accounts.

What happened

Mr A had two accounts with Barclays – a current account and savings account. Mr A has explained that he used the accounts for saving towards holidays and to pay for entertainment. Mr A has said he had other bank accounts and that his Barclays accounts weren't his main accounts.

In May 2023, Barclays reviewed Mr A's accounts. Following this on 30 May 2023, Barclays decided to close the accounts immediately.

Mr A discovered that there was a problem with his accounts when he tried to pay for a meal in a restaurant. He says that following this he tried to access his accounts online and wasn't able to see them. So, he contacted Barclays to try and find out what was happening with his accounts. Barclays wouldn't give him much information and said that he would receive a letter explaining that it had decided to close his accounts. Barclays also said that Mr A could visit a branch and he'd be able to obtain a copy of the letter.

Mr A visited a branch where staff printed him a letter which informed him that the bank had decided to close both of Mr A's accounts immediately. Mr A asked the branch staff to provide an explanation about why Barclays no longer wanted him as a customer, but Barclays said it wasn't obliged to give Mr A any reasons.

Mr A complained to Barclays about the closure of his accounts. He said he found out his account had been closed when he was on a date in a restaurant, so he was very embarrassed when he was unable to use his bank card to pay. Mr A also said the account had been opened by his father for him, so they held a sentimental value for him.

In response, Barclays said it should have given Mr A more notice of the closure of his accounts. It said it should have given Mr A at least two months' notice and offered Mr A £100 compensation for the trouble and upset closing the accounts without notice caused him. Mr A said he wasn't interested in compensation. He wants to know why the bank closed his accounts and wants Barclays to reopen them. So, he brought his complaint to our service.

One of our investigators reviewed the complaint. She thought Barclays could have released Mr A's money sooner than it had done. So, along with the £100 compensation she said Barclays should also pay Mr A interest on his balances for loss of use of his funds. However, she thought Barclays could close Mr A's accounts.

Barclays agreed. Mr A disagreed. He maintained that he wants to know the reasons his accounts were closed and said banks shouldn't be allowed to get away with just closing people's accounts. He says he feels discriminated against and that the account was a link to his father as he'd opened it for him.

As no agreement could be reached the matter has come 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.

Barclays are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations they must meet when providing account services to customers. They can broadly be summarized as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

Barclays will review accounts to comply with these responsibilities. Sometimes following a review, a bank will decide to close an account. As the investigator has already explained, it's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

The terms and conditions that applied to Mr A's accounts set out that Barclays could close his accounts by giving Mr A at least two months' notice. In some circumstances it could close the accounts immediately, which is what happened here.

We've asked Barclays about this. In response, Barclays said that although it would still have closed the accounts, it should have given Mr A more notice. I understand of course why Mr A wants to know the exact reasons behind Barclays's decision. And I can see that Mr A has asked Barclays to explain itself on several occasions. But Barclays doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr A the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr A this information. And it wouldn't be appropriate for me to require it to do so. But looking at all the information I accept that Barclays could have closed the accounts if had given the correct notice.

I appreciate Mr A has said he feels discriminated against because Barclays closed his accounts, although he hasn't gone into specifics about how the way Barclays have treated him is related to any protected characteristics. But I have taken on board what he's said when considering whether Barclays treated him fairly and reasonably. It is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr A has 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 (The Act). And after looking at all the evidence, I've not seen anything to suggest that Barclays treated Mr A unfairly.

While I appreciate how Barclays closing his account made Mr A feel and his perspective on why Barclays took the actions it has, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Barclays would have treated another customer with similar circumstances any differently than Mr A. So, I can't say Barclays treated Mr A unfairly when it decided to close his account.

I've considered what would most likely have happened if Barclays had given Mr A more notice about closing his accounts – as it now accepts it should have done. Having looked at all the evidence, I'm satisfied that Barclays would still have closed the accounts – even if it should have given Mr A more notice. So, I won't be asking Barclays to reopen the accounts.

I've considered how Barclays actions impacted Mr A. I've no doubt having the accounts closed without notice was a shock to him. And given what Mr A has said about his father opening the account, was also upsetting. I can see Mr A spent time contacting Barclays trying to find out what had happened and why the accounts had been closed. I also accept that Mr A had to go to the trouble of collecting his account balances, which was made available to him on 12 June 2023. So, I can appreciate this would've been inconvenient and upsetting for him. And it's only right that Barclays recognises this. However, I'm satisfied that £100 is a fair amount of compensation and proportionate to the trouble and upset Mr A was caused in the overall circumstances of this complaint. I can see that Mr A was without access to his funds from 30 May 2023, so Barclays should also pay Mr A 8% interest on the balances of his accounts for loss of use of this money.

In reaching this conclusion, I've noted that Mr A appears to have had access to at least one other bank account, so I think the impact of the immediate closure would have been reduced. I've also kept in mind that Mr A would always have had to spend time sorting things out even if things happened as they should have – in particular, that Barclays would still have closed Mr A's accounts. I've considered Mr A's further comments. But these don't change my conclusions.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right Barclays Bank UK PLC should:

- Pay Mr A £100 compensation for the trouble and upset caused by closing his accounts without notice.
- Pay M A 8% simple interest on his account balances, from 30 May 2023 until the balances were returned to Mr A.

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

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

Sharon Kerrison
Ombudsman