

The complaint

Mr M complains that Barclays Bank UK PLC unfairly blocked and closed his bank accounts.

What happened

Mr M had two accounts with Barclays – a current account and a savings account, which he'd opened in April 2023.

In July 2023, Mr M transferred £4,000 into his current account. Mr M has explained that he intended to use some of the money to clear his credit card balance and put the rest into his savings account.

Following this, Barclays reviewed Mr M's account. Whilst it completed its review Barclays restricted Mr M's account and asked him to provide information relating to the £4,000 that had been paid into his account. Barclays wanted to know where the money had come from.

In response, Mr M called Barclays and told the bank that the money in his account had come from his other bank account and was made up of his savings and a bonus he'd been paid from his employer. Mr M explained that at that time he was abroad on holiday and needed access to the money in his account. He also sent Barclays copies of his payslips to support his explanation about where the money had come from and to show that he was entitled to the funds.

Barclays reviewed the information and said it wasn't sufficient to show Mr M was entitled to the money in his account. Mr M provided more information, which included a letter from his employer about his bonus. But Barclays were still not happy with the paperwork he provided. So, it continued to hold onto Mr M's funds. It said it needed to see copies of Mr M's other bank statements.

Following this, in August 2023, Barclays decided to close Mr M's account immediately. However, it continued to hold Mr M's funds. Barclays released Mr M's funds on 23 August 2023. Mr M attended a branch and withdrew his balance the following day.

Mr M complained to Barclays about the block and closure of his accounts. He said he was on holiday at the time and had to borrow money from his parents to pay for everyday essentials and his bills. And then had to rearrange his direct debits quickly when his account was suddenly closed. So, he says he was caused inconvenience and stress. And that Barclays should pay him compensation.

In response, Barclays said it hadn't done anything wrong when it had blocked Mr M's accounts and asked him for information. It said it had done this to comply with its legal and regulatory obligations. However, Barclays said it should have given Mr M more notice of the closure of his accounts. It said it should have given him at least two months' notice and offered Mr M £150 compensation for the trouble and upset closing the accounts without notice caused him. Mr M said this wasn't enough to compensate him for all the trouble and

upset he was caused. He wants more compensation. So, he brought his complaint to our service.

One of our investigators reviewed the complaint. She said that Barclays offer was fair. However, she thought Barclays could have released Mr M's money sooner than it had done – three days earlier. So, she said Barclays should also pay Mr M interest on his balance for loss of use of his funds.

Mr M disagreed. He says the compensation is way too low given the amount of inconvenience he was caused and the arbitrary way the bank closed his accounts. So, he wants Barclays to pay more compensation.

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 summarised 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. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. I've considered the basis for the review, which I find was legitimate and in line with its legal and regulatory obligations. The terms and conditions of Mr M's accounts also permit Barclays to block and review the accounts. So, I'm satisfied Barclays acted fairly by blocking Mr M's accounts and had no obligation to tell him the basis of its concern or forewarn him of its intention. So, I can't say Barclays have done anything wrong when it decided to review Mr M's accounts.

The timing of Barclays's actions was unfortunate. Mr M was overseas, wanted to pay his credit card balance and fund his holiday. So, I can understand why he found this experience with Barclays stressful and upsetting. But as I've already explained I'm satisfied that Barclays blocked and reviewed the accounts in line with the terms and conditions. So, I don't believe Barclays acted inappropriately and treated Mr M unfairly in taking the actions it did when it blocked the accounts.

However, while Barclays are entitled to carry out a review, we'd expect them to do so in a timely manner and release a customers' funds without undue delay once any review is completed. Barclays initially blocked Mr M's account on 18 July 2023 and asked Mr M to provide it with information. Mr M sent the bank copies of his payslips on 7 August 2023. However, Barclays said this wasn't good enough and asked for copies of his bank statements. In response, Mr M sent the bank his payslips again along with a letter from his employer which set out that he'd received a bonus.

Following this, Mr M's accounts remained blocked until 23 August 2023. If a bank or financial business don't receive the necessary information, which is what happened here, I do not consider continuing to block Mr M's account is a disproportionate measure for Barclays to take. However, from looking at the timeline of events, I can see that Barclays should have

released Mr M's funds slightly sooner than it did – it appears Barclays had completed its enquiries by 21 August 2023.

Barclays hasn't explained why it didn't release Mr M's funds on this date. So, I'm satisfied Barclays has caused unnecessary delays in releasing Mr M's funds. Because of this I think Barclays should pay Mr M 8% simple interest on the sum of his account for loss of use of his funds during the time his account was blocked between 21 and 23 August 2023.

I've next gone onto consider Barclays closure of Mr M's accounts. 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 M's accounts set out that Barclays could close his accounts by giving Mr M 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 M more notice. I understand of course why Mr M wants to know the exact reasons behind Barclays's decision. And I can see that Mr M 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 M 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 M this information. And it wouldn't be appropriate for me to require it to do so. But looking at all the information

I've considered what would most likely have happened if Barclays had given Mr M 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 M more notice. So, I won't be asking Barclays to reopen the accounts.

With all this in mind I've gone on to consider whether Barclays offer of compensation is fair. Barclays has offered £150 to reflect the trouble and upset not giving Mr M more notice caused. Although Mr M has said he had at least one other bank account he could rely on and into which he received his salary, he says the amount of compensation offered is far too low. He's pointed out that he had to go to the trouble of reorganising his direct debits quickly and borrow money from his parents to get by.

I've considered how Barclays actions impacted Mr M. I've no doubt having the accounts closed without notice was a shock to him. I can see Mr M spent time contacting Barclays trying to find out what had happened and why the accounts had been closed. I also accept that Mr M had to go to the trouble of quickly rearranging his direct debits. 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 £150 is a fair amount of compensation and proportionate to the trouble and upset Mr M was caused in the overall circumstances of this complaint.

In reaching this conclusion, I've noted that Mr M 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 M 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 M's accounts. I've considered Mr M's further comments about why he thinks he should get more compensation. But these don't change my conclusions.

My final decision

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

- If it hasn't already done so, pay Mr M £150 compensation for the trouble and upset caused to him by not providing more notice when closing his accounts
- Pay Mr M 8% simple interest on the sum of his accounts from 21 August 2023 until 23 August 2023

HM Revenue & Customs requires Barclays Bank UK PLC to withhold income tax from the above-mentioned interest. Barclays Bank UK PLC should give Mr M 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 M to accept or reject my decision before 19 March 2024.

Sharon Kerrison
Ombudsman