

The complaint

A complains that Barclays Bank UK PLC closed its account without notice or reason. It would like the account reopened.

A is represented by its director Mrs A.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

A had a business account with Barclays. A tried to open a foreign currency account. On 24 July 2022 Barclays carried out a review of the business account and sent A a letter to ask it to provide some information to them.

Barclays have said they contacted A by phone on 22, 25 and 26 July 2022 and left messages. Barclays says A didn't provide the information to Barclays. Mrs A has said she did speak to Barclays on these occasions.

Barclays issued A with a letter to close the account giving 60 days' notice on 28 July 2022. The account closed and a cheque for the balance in the account was sent to the address Barclays held for A on 26 September 2022.

Mrs A has said that she was away on tour working and therefore didn't get the letters requesting information or the phone calls. Mrs A has said she only became aware of the closure of the account in October 2022.

Mrs A said when she returned from touring there were no letters or cheque from Barclays.

Mrs A contacted Barclays. A replacement cheque also didn't arrive. She contacted Barclays to ask for the funds to be paid into her account. Barclays transferred the funds into Mrs A's nominated account on 29 December 2022.

A complained to our service. One of the investigators looked into the complaint. He thought that Barclays were entitled to close the account as the questions it needed answering hadn't been answered by A. However, he thought Barclays had caused delays in returning the funds in A's account, so he awarded £150 compensation and simple interest at 8% for the time it took Barclays to transfer the funds to Mrs A's account from 1 December 2022 to 29 December 2022.

I note that there is a typo on the view that refers to 2023 but the correct date is 2022.

Barclays agreed with the view. Mrs A on behalf of A disagreed.

Mrs A provided further information to our service. She said she had contacted Barclays to request that the funds be paid into another account and not by cheque. Mrs A contacted Barclays by phone on 3 October 2022 and was told to go into branch to collect her funds. When she did, she was told a cheque had already been issued and to change this they

would need to write to a specific address at Barclays to request the cheque be cancelled and a transfer issued instead.

Mr A says she had to visit two separate branches on separate occasions to chase the payment. The funds were released to her account on 29 December 2022. Barclays said they had no evidence of a letter being sent or visits into branch. The investigator thought it was likely that Mrs A would have done all these things as she was in need of the funds. So, he issued a second view and revised the interest period from 31 October 2022 when Barclays would have received any letters and been able to sort out the transfer of funds until 29 December 2022 when the funds were returned to Mrs A's account. And increased the compensation to £250.

Mrs A disagreed with the second view.

As there was no agreement the matter 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'll start by setting out some context for the review of A's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Barclays were complying with these obligations when they reviewed A's account and asked Mrs A to provide information about how the account was operating.

I appreciate that Mrs A provided answers to some of the banks previous questions notably in June 2022. But the bank is entitled to request further information to comply with their obligations.

Barclays have said they contacted Mrs A by letter and phone, but Mrs A didn't respond to Barclays. Mrs A has said that she was away touring and therefore didn't get the letters. Mrs A has said she didn't receive the notice to close or the cheque with the final balance.

I have seen evidence from Barclays that the letters were dispatched. I appreciate Mrs A is saying that the letters didn't arrive, but I can't hold Barclays responsible for the letters not arriving. In addition, I'm satisfied that Barclays left messages on the phone that was registered as A's phone number with Barclays. Mrs A says she spoke to Barclays on these occasions, but I haven't seen any evidence of this. So, I can't hold Barclays responsible that A didn't receive the correspondence or the calls.

I've next looked at Barclays decision to close A's account. Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account.

As the investigator explained it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a 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.

Banks should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. I can see that

Barclays wrote to A on 28 July 2022 letting A know it was closing the account and giving 60 days' notice. I've looked at the terms of the account and I'm satisfied that Barclays complied with the terms of the account in the way it closed it. So, I don't think it's done anything wrong here.

I appreciate Mrs A didn't receive that notice to close but as I've said I don't think Barclays can be held responsible for this.

Mrs A has said she would like to know the reason why A's account closed. She says she hasn't done anything incorrectly or illegal and doesn't think the closure is fair.

Whilst Mrs A may have expected to be given the reasons for the account closure. Barclays isn't required to give her a specific reason. And I can understand Mrs A's frustration that she hasn't been provided a detailed explanation. But Barclays is under no obligation to provide this information to her, as much as she'd like to know. So, I can't say Barclays have done anything wrong by not giving Mrs A this information.

Delay in receiving the funds.

The investigator agreed that there was a delay in A receiving the funds in its account. Mrs A wanted the funds transferred into her personal account. Mrs A has said that she rang Barclays and visited different branches on 3 separate occasions to get her money. The investigator thought it likely that Mrs A had contacted Barclays as soon as she found out the account was closed and visited branches shortly after. Although Barclays have no record of Mrs A's letter or the branch visits, the investigator decided it was more likely than not that Mrs A had contacted Barclays as she was without her much needed funds. The investigator thought that Barclays should have been able to provide Mrs A with a transfer into her account by 31 October 2022 at the latest. So, he awarded interest on the balance on A's account from that date until 29 December 2022 when the funds were finally paid into Mrs A's account. I consider it likely that Mrs A would have contacted Barclays once she realised the account was closed as she needed her funds. So, although I accept that Barclays don't have any evidence of letters or visits in branch by Mrs A I think she probably did contact them to try and access her funds. I therefore think that Barclays were aware that Mrs A wanted the funds transferred and not a cheque. So, having reviewed the evidence, I'm satisfied Barclays was aware and could have put something in place for Mrs A to have access to the funds by 31 October 2022, so I don't intend to change the interest period.

The investigator awarded A £250 in compensation for the delay it experienced in receiving its funds. I appreciate that Mrs A must have been worried and very concerned when she found out that the account had been closed. I know that she was away touring, so this contributed to the difficulties she experienced.

And I should add that I can't make an award for the distress Mrs A experienced here. Barclays' customer is A, not Mrs A. Because A is a limited company, it cannot feel distress. And our service can't award compensation for distress experienced by Barclay's customer's directors or employees personally. However, I can make an award for any inconvenience A experienced as a result of Barclays delay, such as A's director's attention being diverted away from her regular business duties. And in this case, I accept that this issue would have caused A a significant degree of inconvenience. Its director's attention was taken away from her usual duties for a considerable period of time in order to have access to A's funds. So, to compensate A for that inconvenience, Barclays should pay A £250. I appreciate this sum will be a disappointment to Mrs A but I consider it to be fair in the circumstances and in line with what we award in these types of cases.

In summary although Mrs A will disagree, I am satisfied Barclays acted fairly when they

reviewed and closed A's account. I can't hold Barclays responsible for Mrs A not getting the letters Barclays sent. I think Barclays did cause delays in the return of A's funds and should compensate A for this as mentioned above.

My final decision

For the reasons above I partially uphold this complaint. I direct Barclays Bank UK PLC to pay A.

- £250 compensation for delay
- 8% simple interest on the balance in the account from 31 October 2022 to 29 December 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 8 March 2024.

Esperanza Fuentes
Ombudsman