

The complaint

Mr G has complained about the actions of Barclays Bank UK PLC when it made two accounts that he held with it dormant, and then closed them.

What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

“Mr G took out a cash ISA and savings account with a telephone based bank. Some years later, this bank sold this tranche of its business to Barclays. Barclays suggested that customers register with its online service, but Mr G opted to continue to receive paper statements.

Mr G has explained that, with interest rates low, he decided to leave his accounts where they were. However in late 2018 he stopped receiving paper statements, and so in 2019 he went into a Barclays branch to query this. It was explained to him that there had been a systems error, and he was provided with the missing statements. Mr G then continued to receive regular statements until late 2021.

Barclays states that in July 2019 it issued a letter to Mr G about his savings account. This explained that the account had not been used for a while, and that if Barclays did not hear from Mr G, it would close the account in October 2019. The funds could still be reclaimed at any time. In November 2021, Barclays states that it issued a similar letter to Mr G, this time about his ISA. It said that the ISA would be closed if Mr G did not contact it by February 2022.

Mr G says he did not receive these letters. He also hadn't realised that he was no longer receiving statements for either accounts. In 2023, he took steps to investigate what was happening with the accounts, resulting in him having a meeting at a Barclays branch in April 2023. The Barclays staff member told him that both accounts had been considered dormant, and had therefore been closed. Mr G says he was told that his ISA could not be reinstated, and to retain the tax free status for the account would involve him opening a new ISA with Barclays, in the 23/24 tax year. Mr G considered this was not possible because he'd already opened a cash ISA in the tax year with another provider.

Mr G asked for the amounts in both accounts to be transferred to his current account held with another bank. The funds were transferred in June 2023.

Mr G complained to Barclays about the action it had taken with his accounts. In response Barclays stated that it did not consider it had made any errors.

Dissatisfied with Barclays' response, Mr G brought a complaint to this service. Referencing the Dormant Bank and Building Society Accounts Act 2008, he stated that because his accounts had not been inactive for 15 years, in his view Barclays did not have authority to treat them as dormant. He explained that he took the decision not to reinstate his accounts

with Barclays because he no longer wanted to bank with it. He asked for compensation for the loss of tax benefits for his ISA funds, lost interest whilst the accounts were dormant, and for inconvenience he had been caused. Mr G suggested that Barclays may have been at fault for a systemic failure of procedures.

Our investigator did not uphold this complaint. His view was that Barclays had written to Mr G about the possibility that his accounts would be closed. Regarding the 2008 Act, the investigator expressed his view that the 15 year dormancy period related to the time that must elapse before dormant account funds can be transferred to the Dormant Assets Scheme, which distributes such monies to various causes around the UK. He stated that Barclays had not passed Mr G's two account balances to the Dormant Assets Scheme. Instead it had made a decision to close the inactive accounts. As a result, the investigator concluded that the 15 year dormancy period mentioned in the Act was not relevant to the circumstances that applied in this complaint.

The investigator noted that Barclays had still applied interest to the two closed accounts, and that it had transferred the funds within the 12 week period that it said it would take to do so.

Mr G did not agree with the investigator's findings. He clarified that he had not received the 2019 or 2021 letters from Barclays relating to the potential closures of his savings and ISA accounts respectively.

Mr G noted that the account terms refer to Barclays closing accounts that are dormant, and also confirm that Barclays participates in the unclaimed assets scheme outlined in the Dormant Bank and Building Society Accounts Act. In his view, a reasonable person reading these terms would understand that closure of an account for dormancy reasons would be carried out in accordance with the Act. Mr G suggested that if Barclays is not transferring dormant account funds to the Dormant Assets Scheme, it is either breaching its terms or misrepresenting the situation to customers. He also stated that by mentioning the Scheme in its terms, Barclays is implying that accounts will not be closed until a 15 year period of dormancy has elapsed. Mr G's view was that a customer would reasonably expect that an account would not be closed after five years of inactivity.

Our investigator responded that the records provided by Barclays indicated on balance that it had issued the 2019 and 2021 closure warning letters to Mr G. He considered that Barclays had given sufficient notice that it was going to close the accounts, and what actions needed to be taken by Mr G to avoid that happening. He commented that businesses will close accounts or mark them as dormant to lower the risk of their fraudulent use. In doing this with Mr G's accounts, the investigator stated that Barclays was acting within the account terms. And in his view, a bank was permitted to decide at what point it considered an account had had too long a period of inactivity.

The investigator commented that a bank does not have to immediately transfer the assets of accounts it has deemed to be dormant to the reclaim fund set up by the 2008 Act. He referred to the Act classifying accounts as dormant when they have not had any customer-initiated activity for more than 15 years. Based on this definition, the investigator stated he would not have expected Barclays to have transferred Mr G's account balances to the reclaim fund, because it had not been 15 years since they had had activity on them.

In terms of the ISA closure, the investigator noted that the 2021 letter confirmed that the account would retain its ISA status.

Mr G responded that, in terms of the wording in Barclays' November 2021 letter regarding this account retaining its ISA status, this was not consistent with what he had been told by Barclays staff in its branch in April 2023. Mr G had understood from the staff that the only

way to restore the ISA was to open a new ISA in the 23/24 tax year. He said that he could not do this as he had already opened a 23/24 tax year cash ISA elsewhere. Mr G's understanding was that the ISA status of these funds was lost forever, and he said that this was one of the reasons he transferred these funds to a current account with another provider. He said if he had known that it might be possible to restore the ISA status for these funds, he would not have taken the course of action that he did.

In terms of the difference between Barclays making an account dormant under its terms and conditions compared to the 2008 Act's definition of dormancy, Mr G stated that Barclays staff did not appear to know about this. He questioned the level of fraud risk there is with an ISA account, commenting that once a contribution is made in a particular tax year, the fund is effectively frozen, with the only options being to transfer to another ISA manager or encash the account. Mr G suggested that Barclays' justification for closing his accounts might represent reliance on an unfair contract term. Mr G said that Barclays' explanation for making the accounts dormant was not reasonable, he had not been treated fairly, and he asked for an ombudsman to review matters.

What I've provisionally 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.

Mr G has suggested that because Barclays' terms relating to dormant accounts also mention the bank's participation in the unclaimed assets scheme, it would be reasonable for a customer to conclude that when an account is closed because of dormancy, this will be carried out in accordance with the provisions of the Dormant Bank and Building Society Accounts Act. I have thought carefully about Mr G's comments in this regard, but overall I would not agree with his conclusions.

In its terms, Barclays explains that it may close accounts when they've not been used for a period of time. It does not mention this period of time as being 15 years, as the Act does in its definition of dormancy. In its terms Barclays does reference its involvement with the unclaimed assets scheme. But on balance, my view is that the account terms do not imply that Barclays will only close an account as dormant once there have been 15 years of inactivity on it. In closing Mr G's account earlier than that, I do not consider that Barclays breached its account terms, or that these terms misrepresented the situation to Mr G.

Further to that, in closing Mr G's account after five years of inactivity, I do not consider that Barclays has acted unreasonably. Mr G has suggested that there is a limited risk of fraud or identity theft with an ISA, because often customers pay into them in only one tax year and then leave them untouched, accruing interest. I acknowledge his comments, but it does not seem unreasonable to me that after five years of inactivity a bank would take steps to contact its customer to ensure that the funds are kept safe, and to check whether the account is still required. Mr G has stated that Barclays' reason for closing his accounts might rely on an unfair contract term, but overall my view is that Barclays' actions in this regard have been reasonable.

Barclays states that it wrote to Mr G, warning him that his accounts might be closed, in July 2019 (for his savings account) and November 2021 (for his ISA). It has provided copies of these letters. Mr G says that he has no record of receiving these letters. Barclays has provided its records to evidence that these letters were sent. Based on the submissions provided, my view on balance is that the letters were dispatched to Mr G.

Both the 2019 and 2021 letters gave three months' notice of closure, explaining that the accounts had not been used for some time. To keep the accounts open, Barclays stated that

Mr G should either call, write or visit a branch, within the three month deadline. The letters explained that if the accounts were closed, the funds would be kept safe, and would remain available to be claimed by Mr G. I note that both accounts continued to attract interest. Although I appreciate that Mr G says he did not receive these letters, having considered their content, my view is that Barclays explained the situation regarding the closures clearly.

With regard to the ISA, Mr G says that the wording in the November 2021 letter regarding the account retaining its ISA status was not consistent with what Barclays staff in branch told him in April 2023. In the letter I note that it states, in the event that the account were to be closed, these savings would keep their ISA status. It goes on to say that if Mr G were to reclaim the money, Barclays would transfer the balance to another account in Mr G's name, into a new cash ISA with Barclays, or by cheque. The letter stated that if the funds were repaid into a new cash ISA with Barclays, the bank would "make sure it doesn't impact your ISA allowance".

When Mr G was paid the proceeds of the ISA in June 2023, Barclays confirmed that the interest added did not count towards Mr G's personal savings allowance. It therefore appears that until these funds were transferred out of Barclays, they had remained in a tax-free ISA environment.

Mr G says that his understanding from the conversations he had with branch staff in April 2023 was that the only way he could restore the ISA status of these funds was to open a new ISA in the 23/24 tax year. He said this wasn't possible because he had already opened a cash ISA for the tax year elsewhere. Believing the ISA status could not be retained, he transferred the funds to a current account. But Mr G says he would not have done this if he had known it might be possible to restore the ISA status for these funds.

Clearly I cannot be certain of the exact detail of discussions that took place between Mr G and the branch staff in April 2023. I have therefore based my assessment of this matter on the weight of evidence provided. Barclays has provided the notes it made regarding Mr G's branch visit. These reference the extract noted above from the November 2021 letter, stating that if the funds were to be repaid into a new cash ISA with Barclays, the bank would ensure this did not impact Mr G's ISA allowance.

The notes also state that the member of staff told Mr G that he could open an ISA with Barclays and then request an ISA transfer. They record that Mr G stated this would not be possible due to him having an ISA elsewhere. The notes say that the staff member suggested that Mr G could request for the funds to be transferred to his ISA with the other provider "to ensure the tax free element is retain[ed]. The customer stated he may consider this."

The evidence available about the discussion between Mr G and branch staff is limited. I note that Mr G has explained to this service that he took the decision not to reinstate his accounts with Barclays because he no longer wanted to bank with it. I am mindful that the content of the November 2021 letter seems to have formed part of the discussion that took place, and Mr G appears to have said he would consider whether he could transfer his funds into his ISA elsewhere. The November 2021 letter explained that Barclays would ensure setting up a new cash ISA with Barclays would not impact Mr G's ISA allowance, by which I understand that it would not prevent him using his ISA allowance for the year elsewhere. On balance, I'm not persuaded that it's been shown that Barclays staff misled Mr G regarding his ability to retain his ISA funds in a tax free environment.

In conclusion, my current view is that Barclays acted reasonably and in line with its terms when it closed Mr G's savings and ISA accounts. I also consider that it acted fairly in its

actions when Mr G sought to reclaim his funds in 2023. I therefore do not intend to require Barclays to take any further action.”

Responses to my provisional decision

Barclays confirmed that it had no further comments to make.

Mr G reiterated that he considers Barclays has treated him unfairly. In particular he says that when he visited the branch in April 2023, he was not aware that the staff member was using the content of the November 2021 letter to inform him about his options. He says the staff member did not show him this letter at the time. Mr G considers that if he had been shown the letter, he might have had a different understanding of the options available to him. He also says that he does not consider it was made clear to him during the meeting that he had an option to reinstate his ISA without a loss of its tax status. Had this option been made clear, Mr G states he would have immediately accepted it.

Mr G has explained that the only reason he insisted on terminating the account with Barclays was because the staff member only spoke about opening an ISA in the current tax year, and this was not something that he was able to do. Mr G believes that the staff member did not have expertise in the subject matter they were discussing. He says the account of the branch meeting within my provisional decision does not accurately reflect what the staff member told him at the time, and that he would not have chosen to turn down an opportunity to retain the ISA status of his funds, if that option had been made clear to him.

Mr G has also questioned why Barclays did not contact him further when choosing to close his accounts. He says this left him in limbo, where Barclays retained his money but withdrew its service, and this does not represent fair treatment.

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.

Mr G has provided further comments recalling his meeting in April 2023 at the Barclays branch, and I have considered these carefully. As I explained in my provisional decision I cannot know exactly what was discussed at this meeting, and I note Mr G's comments that he was not aware that the content of Barclays' November 2021 letter was being referenced by the staff member during the discussions. But on balance, based on the submissions made, my view remains that this letter likely informed the staff member in his conversation with Mr G.

The November 2021 letter did explain that if the funds were to be repaid into a new cash ISA with Barclays, the bank would ensure this did not impact Mr G's ISA allowance. The notes about the meeting also state that the staff member suggested exploring the possibility of transferring the funds to the ISA with Mr G's other provider so that the tax free status was retained, and that Mr G said he might consider this. Overall, I am not persuaded that Barclays misinformed Mr G during the April 2023 meeting about the way in which he might be able to retain his funds within an ISA environment.

In terms of the correspondence Barclays sent Mr G to tell him that his accounts would be closed if he did not contact it, Mr G has explained that in his view, he should have received further contact about this. Although I note Mr G's comments, my view is that Barclays acted reasonably when it issued letters to him giving him three months' notice of closure. The account could be kept open by calling, writing in or visiting a branch within the notice period. On balance, I consider Barclays acted fairly when carrying out the actions that it did in this

regard.

I appreciate that Mr G is likely to be disappointed with my findings in this complaint. However my conclusion is that Barclays has not been at fault, either with its closure of the accounts, or in its subsequent actions when Mr G reclaimed the funds in 2023.

My final decision

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 March 2024.

John Swain
Ombudsman