

The complaint

Mr J complains that Barclays Bank UK PLC ('Barclays') removed funds from his accounts, put the accounts in overdraft and closed the accounts. He says this has caused financial hardship. He wants Barclays to compensate him for distress and inconvenience.

What happened

Mr J had a number of bank accounts provided by Barclays. These included a premier account, two savings accounts and a bond account.

On 28 November 2023, without notice to Mr J, Barclays removed funds from Mr J's accounts and recorded on the accounts that he was overdrawn by a total of about £1.5 million.

Mr J complained to Barclays about his accounts having been blocked and marked as overdrawn.

On 8 December 2023 Barclays restored Mr J's funds to his accounts. Mr J's account statements from Barclays show that on this day almost all the funds in Mr J's premier account and his savings accounts were transferred out of those accounts. Mr J's bond account still had assets in it to the value of about £5,000.

On 13 December 2023 Barclays spoke to Mr J by telephone. It told him his funds had been returned to his accounts but his accounts were in the process of being closed.

Mr J added the closure of his accounts to his complaint about Barclays.

Later that day Barclays responded to Mr J's complaint about his accounts being blocked and closed. In summary it said the following:

- As a regulated firm Barclays is subject to certain regulatory obligations which require it to withhold transactions or services or block accounts.
- While reviewing Mr J's account, Barclays had removed access to funds in Mr J's accounts but had since returned access.
- While access was restricted Mr J's account showed large amounts of overdrawn funds. These amounts weren't actually overdrawn – they were placed there as a marker for Barclays while it conducted its review.
- Barclays was now closing Mr J's accounts. Its decision to close the accounts was correct, but it should've given more notice. To apologise for not giving more notice it would pay Mr J £150.
- Barclays couldn't give Mr J any more information about its decision to close his accounts.
- Mr J could access his funds by attending a branch with identification.

On 15 December 2023 Barclays wrote to Mr J saying it had decided to immediately close his accounts. It said if Mr J had money in the account and wasn't overdrawn, or if he'd received wages or benefits in the account that he hadn't yet withdrawn, then he could withdraw funds at a Barclays branch.

On 19 December 2023 about £5,000 from Mr J's bond account was transferred into his premier account and then transferred out of the premier account. Mr J's premier account was closed that day.

Mr J referred his complaint to this service. In summary he said Barclays had caused him financial hardship and embarrassment by denying him access to his funds.

One of our Investigators looked into Mr J's complaint. She said she couldn't tell Mr J Barclays' reasons for closing the account, but she'd considered them. She thought it was fair for Barclays to block his accounts for investigation and close his accounts, although she thought Barclays should've given him notice. The investigator said the offer of £150 was reasonable compensation for failing to give Mr J notice before closing his accounts.

Mr J didn't accept the Investigator's view. He said his account was suspended for almost a month for no reason. He said the pain and suffering he and his family endured during that time was unbearable. He described having to borrow money for daily expenses and suffering distress and inconvenience.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

I issued a provisional decision in which I said I was minded not to uphold Mr J's complaint. I said I'd consider any further submissions from Mr J and Barclays before making a final decision. Barclays said it had nothing further to add. Mr J didn't respond to the provisional decision.

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.

Having done so, I'm not upholding the complaint. I'll explain why.

Barclays's terms and conditions allowed it, without notice and without explanation, to block Mr J's accounts while it undertook a review. So I'm satisfied Barclays acted in line with its terms and conditions when it blocked access to Mr J's accounts.

When applying its terms and conditions I'd still expect a business to act fairly and reasonably and not unduly inconvenience its customers. In this case, I've weighed up the reasons Barclays had for restricting Mr J's accounts in the way it did. Although I can't share those reasons with Mr J, I'm satisfied Barclays didn't act unfairly or unreasonably in applying its terms and conditions in the way it did when it restricted his accounts.

After the investigation Barclays had the right to close his accounts. Whether the terms and conditions required it to give notice depended on the reason it was closing his accounts. In this case, Barclays closed his accounts without notice, but it said it should've given notice. Having considered the reasons Barclays had for closing Mr J's accounts, I think it's reasonable for Barclays to have concluded it should've given Mr J notice. So I've considered the impact on Mr J of the lack of notice when his accounts were closed.

It's important to note that, because it wasn't wrong for Barclays to block Mr J's accounts initially, I can't hold Barclays responsible for the impact on Mr J of the accounts being blocked. I can only hold Barclays responsible for the impact of failing to give notice when it closed Mr J's accounts.

Barclays told Mr J on 13 December 2023 it was in the process of closing his accounts. And it issued its notice of immediate closure on 15 December 2023. Prior to that, Barclays restored Mr J's funds to his accounts, on 8 December 2023. And his statements show he was able to – and did – transfer money out of his accounts on and following 8 December 2023.

When Barclays told Mr J on 13 December 2023 that it was in the process of closing his accounts, his savings accounts and his premier account had only minimal funds in them. His bond account still had about £5,000. That amount was paid to Mr J on 19 December 2023.

Because of this I don't think the abrupt closure of Mr J's accounts caused him to be without access to his funds. He'd already moved his funds elsewhere. And the assets in his bond account wouldn't ordinarily have been available to him until his bond matured in any case.

Despite this, Mr J would still have been inconvenienced by the account closures. If he hadn't already done so, he would've needed to make other arrangements for his direct debits and any other regular transactions he had in place. But I think the £150 that Barclays had paid him is sufficient recognition for the distress and inconvenience involved in this.

Overall, I'm satisfied Barclays acted reasonably by paying Mr J £150 for the distress and inconvenience it caused by failing to give him proper notice that it was closing his accounts. I know Mr J was also affected by Barclays blocking access to his funds prior to the account closure. But because I don't think it was unreasonable for Barclays to have done that, I can't say it should compensate Mr J for the impact that had on him. So I'm not asking Barclays to do anything further in response to this complaint.

My final decision

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 August 2024.

Lucinda Puls
Ombudsman