

The complaint

Mr L complains that Barclays Bank UK Plc unreasonably blocked and then closed his accounts with them. He says he's missed out on payments he was expecting to be credited.

What happened

The facts of this complaint are largely not in dispute, so I will cover them off only briefly here. Mr L held accounts with Barclays, including a current account and Euro currency accounts. He used the Euro accounts to receive payments for sales of cryptocurrency using a peer-to-peer trading platform. But, in May 2022 he found that he couldn't access his accounts anymore. When he contacted Barclays, he was told his accounts were under review, but that any funds paid into the account would be credited.

Barclays asked for further information about the funds in Mr L's Sterling account, which he provided. But the bank later took the decision to close his accounts, with no further notice. He tried to withdraw funds held in his Euro accounts but found the branch staff couldn't access the account where they had been held. He was finally able to withdraw these funds in August 2022, alongside those in the Sterling account.

Mr L complained about the closure; and said there had been payments made to his Euro account that he was expecting to be credited. Barclays responded to say they didn't feel they'd done anything wrong and didn't offer to do anything further.

Unhappy with this answer Mr L referred his complaint to our service. He was unhappy that the funds he'd been expecting hadn't been credited. He said because of the closure he'd lost standing with the cryptocurrency exchanges he was using. He felt it was unfair for his Sterling account to be closed in relation to activity on his Euro account. It was looked at by several investigators at our service, and two assessments issued. These said, in summary.

- Barclays were within their rights to review and close Mr L's accounts, as this was in line with their terms, as it appears Mr L was running a business through his personal accounts.
- It was reasonable for Barclays to review payments made into Mr L's Sterling account, and there had been no unreasonable delays in releasing these funds to him.
- But they felt that there was an unreasonable delay in releasing the funds held in the Euro accounts to him. They could have been released on 14 June 2022 but weren't withdrawn until 16 August 2022.
- They thought that Barclays had given Mr L the impression that funds paid into the Euro accounts would be credited. He'd demonstrated €14,965 of trades that he was expecting to receive, but the investigator didn't think Barclays had shown these funds had been returned to source
- The investigator couldn't see how Mr L's reputation on the cryptocurrency exchanges would be affected, since he'd completed his end of all the trades.

The investigator suggested that Barclays do the following to resolve the complaint:

- Pay 8% simple interest per annum on the Sterling amount of the balances on the Euro accounts - £14,119.07 for the period when he was unreasonably denied access to these funds.
- Regarding the missing €14,965 of trades, Barclays should either show conclusively the funds were returned to the senders or pay this amount to Mr L – along with 8% simple interest per annum from the date of payment to the date of settlement.
- Pay Mr L £250 compensation to reflect the distress caused by the bank's delays and incorrect information given.

After a period, Barclays agreed to the 8% interest award on the Sterling balance of the Euro accounts, and to refund the missing €14,965 plus 8% interest. But they did not comment on the £250 compensation. Mr L however thought that compensation was appropriate. As no agreement could be reached the complaint was passed to me to decide. After reviewing the file, I issued my provisional decision which said:

Review and closure

The investigator is right to say that Barclays, like all regulated financial businesses in the UK, have legal and regulatory obligations to meet when providing accounts to customers. These can broadly be described as needing to have systems and controls in place to detect and identify fraud or financial crime, as well as signs someone may be falling victim to financial harm.

These obligations mean that they may find cause to restrict the use of an account while they carry out an investigation in to how it is being used. There is provision for this in the terms of Mr L's accounts. I don't see that Barclays have done anything wrong by asking him questions about payments and preventing transactions while they did so.

It's generally up to Barclays' commercial discretion whether they wish to continue providing accounts to individuals – and unless there's a very good reason it would be rare for our service to ask them to reopen or continue servicing a closed account. Again, the terms outline when they can close accounts – and in practice as Mr L didn't have use of his accounts for payments during the review, I consider it to be closed with no notice.

I note that that Mr L's explanation of his account usage does suggest he was using a personal account for business purposes, which is a breach of the terms that would allow Barclays to close the account with no further notice. This is the agreement Mr L signed up for, and he ought reasonably to have been aware of this restriction on the account usage.

I don't see it as unreasonable Barclays closed Mr L's accounts in the manner they did. It's also not unreasonable they decided to close all his accounts, as they had made a legitimate commercial decision to end their banking relationship.

But ultimately any review, and decision to close the accounts, should be done within a reasonable timeframe. This is because not having access to funds can be disruptive and inconvenient. In this case, having reviewed the evidence, I'm satisfied that Barclays released the funds in the Sterling account at the earliest available opportunity. I can see they requested information from Mr L about the credits into this account and reviewed the information he supplied in a reasonable timeframe.

However, I'm minded that there was an unreasonable delay in releasing the funds from the Euro accounts. Barclays did not ask Mr L for specific information about these funds. These had already been converted to Sterling and should have been available to Mr L when he

attended the branch on 14 June 2022.

It's not entirely clear why Mr L couldn't withdraw the funds then – there is mention of starting a dormancy process, which isn't correct. It appears it was an error that delayed him receiving the funds he was entitled to.

Barclays have now agreed to add 8% simple interest per annum to these amounts from 14 June 2022 to when he withdrew the funds on 16 August 2022. This is in line with our service's approach when a consumer hasn't had the use of their funds, and I find it reasonable.

Payments made to the Euro account

In terms of the payments into the Euro account while they were blocked. From the evidence I'm satisfied that Mr L was told payments in would credit the accounts, and it's not unreasonable for him to rely on this information when setting up his peer-to-peer cryptocurrency transactions. Had he been told the payments would be rejected, or returned to source, I see it as more likely than not he would have made other arrangements.

Barclays haven't been able to demonstrate that the funds were returned to source – or not received. It's difficult to prove a negative of course, but I would expect a record of any funds received and returned to be available.

Based on the information Mr L has been able to supply, there were €14,965 of trades which he was expecting to receive payment for into the Euro accounts. I've been given no reason by Barclays to doubt these were sent.

Given the nature of peer-to-peer cryptocurrency transactions, if Barclays had returned the funds to source, I imagine Mr L would face difficulty in getting the funds back, as the cryptocurrency had already been transferred. I see it's reasonable that Barclays cover his losses for these transactions.

Barclays have now offered to pay Mr L the €14,965 he has provided evidence of, plus as 8% simple interest per annum from the date of payment to the date of settlement. Considering the transaction details Mr L has provided, I find this to be reasonable and in line with what I would have recommended.

Customer service

As mentioned above, I'm satisfied that the review and closure of Mr L's accounts was reasonable, and in line with Barclays legal and regulatory requirements. I've no doubt that having an account closed without notice would be inconvenient and disruptive – but as this stems from the reasonable actions of the bank, it wouldn't be fair for me to ask the bank to pay compensation for issues caused by the closures themselves. Likewise, the bank are entitled to ask for information about payments into the account from Mr L, and I wouldn't suggest compensation for the time or effort in having to supply this.

But I'm satisfied that the incorrect information given to Mr L about receiving payments into his Euro account, along with the time then spent trying to resolve the issue with Barclays, will have caused him a degree of inconvenience and frustration beyond what could be reasonably expected. On that basis I think it's fair for Barclays to compensate him for this. Overall, I'm minded that the amount of £250 is fair.

I suggested that Barclays:

- Pay Mr L 8% simple interest per annum on the Sterling balances of the Euro accounts between 14 June 2022 and 16 August 2022.
- Refund the value of the missing Euro funds (€14,965) and add 8% simple interest per annum from the date of payment to the date of settlement.
- Pay Mr L £250 compensation.

Both Barclays and Mr L accepted this as an outcome. It now falls on me to issue my final 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.

In the absence of any new arguments or points from either party to consider, I remain satisfied with the conclusions reached in the provisional decision.

To resolve this complaint Barclays must:

- Pay Mr L 8% simple interest per annum on the Sterling values of the Euro accounts between 14 June 2022 and 16 August 2022.
- Refund the value of the missing Euro transactions (€14,965) and add 8% simple interest per annum from the date of payment to the date of settlement.
- Pay Mr L £250 compensation

If Barclays consider that they should pay tax on the interest award, they should give Mr L a certificate to show how much was deducted, should he ask for one. He can then reclaim this amount from HMRC if he is eligible to do so.

My final decision

My final decision is that I uphold this complaint and direct Barclays Bank UK PLC to settle the complaint as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 21 May 2024.

Thom Bennett
Ombudsman