

The complaint

Mr K brings this complaint on behalf of a limited company Z. He's unhappy that Barclays Bank UK Plc made the decision to close Z's bank account and terminate a loan agreement.

What happened

In November 2022 Barclays contacted Z and gave it 60 days' notice of its intention to close Z's account. It informed Z it would need to make arrangements to repay the overdraft of around £8,000 on the account. It also terminated the Bounce Back Loan agreement Z had with Barclays and demanded the outstanding balance of around £50,000 be repaid.

During this 60 day period, Z was also subjected to a separate process Barclays carries out for its customers periodically. It was asked for further information about its use of the account and the details of the company.

Z complained to Barclays about its decision to close the accounts and withdraw the overdraft and loan facilities. Barclays didn't respond until June 2023 – around five months later. It confirmed it hadn't made an error in making the decision it had.

Z was unhappy with this and brought the complaint to our service to consider. Mr K explained he felt the account had been closed in error. He had concerns this was due to confusion over the information provided during the standard checks that were carried out during the 60 day notice period and he had broader concerns that incorrect, unrelated parties were linked to Z's Barclays account.

Our investigator looked into things but didn't uphold the complaint. They were satisfied that Barclays had closed the account in line with the terms and conditions and wasn't acting unreasonably in recalling the outstanding amounts owed by Z. Because Z didn't accept this the complaint has been passed to me to make a 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.

I'll start by setting out some context for Barclays' review of Z's account. Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect customers from financial harm, and to prevent and detect financial crime. It's common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account. And the terms of the account permit Barclays to block an account. This means Barclays is entitled to block and review an account at any time.

Banks and financial businesses are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions.

I understand Mr K wants Barclays to explain the reason it closed Z's account. But Barclays doesn't disclose what triggers a review of their accounts to its customers. It's under no obligation to tell Mr K the reasons behind the account review, as much as he'd like to know. It's also under no obligation to provide him with the reasons it no longer wants Z as a customer. So, I can't say it's done anything wrong by not giving Z this information. And it wouldn't be appropriate for me to require it to do so.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and lending facilities and providing facilities to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

Barclays can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Barclays have relied on the terms and conditions when closing Z's accounts and, it has provided supporting evidence to show why the terms and conditions it's relied on are applicable in this case. Having reviewed this information, I'm satisfied it has acted fairly in closing the account. Whilst I can't disclose more information about this to Z I hope I can provide assurance to Mr K that its account wasn't closed for an improper reason.

In closing Z's account Barclays was making the decision to withdraw its services from Z. this meant that when it closed Z's account it also withdrew the accounts overdraft facility, and it made the decision to terminate the loan agreement Z had with Barclays making the outstanding balance immediately payable. Overall, having carefully considered Barclays' reasons for withdrawing its services, I'm satisfied it was acting fairly and reasonably in doing this.

If it hasn't already, Z will need to engage with Barclays regarding the repayment of the overdraft facility and the outstanding amount owed under the Bounce Back Loan agreement.

Has Barclays made its decision based on accurate information?

I understand Z has raised concerns that Barclays has recorded and held information incorrectly relating to Z's account. During Mr K's interactions with Barclays he was caused concern that an individual who previously had a relationship to Z wasn't removed when they should've been. He's also said Barclays had potentially incorrectly linked a separate, unrelated, limited company to Z's Barclays account and thinks this has led to the decision to close Z's account.

I'd like to reassure Z that the reason for the decision to close the account and withdraw the lending facilities is not because of any of the concerns Mr K has raised about what information Barclays held in relation to Z's account.

I'd also add that if Barclays had at any point held incorrect information about Z, the account has now been closed. And as this closure was not based on incorrect information. So even if Barclays had held incorrect information relating to Z's account at some stage, there isn't anything to support Z has been disadvantaged by this.

As the investigator has explained, Z's concerns about how Barclays has treated its data more generally is not something that has been raised with Barclays previously, so it's not

something I can comment on here. Although it appears Mr K's concerns have largely been driven by his belief the closure decision was made based on inaccurate information. Again, I hope I've been able to assure him this isn't the case.

Z is unhappy with the customer service it received

Z has complained about the customer service it received from Barclays. I can see Barclays took several months to respond to Z's complaint about the account closure. But our service is limited to considering complaints about regulated financial activities as set out in the Financial Conduct Authority's handbook, which can be found online. DISP 2.3.1 outlines the activities that fall under our jurisdiction.

Complaint handling is not a regulated activity, so we don't have the power to consider a complaint solely in relation to this. Z had already been given notice it's account would be closing, and Barclays wasn't ever going to disclose more information about why this decision had been made. So overall I'm satisfied Z hasn't been materially disadvantaged by this delay.

Mr K has also complained that the manner in which Barclays has handled the closure of Z's account was unprofessional as it didn't allow Z enough time to make alternative banking arrangements. Overall I understand Barclays review and the closure of Z's account would've caused it inconvenience. But this type of inconvenience is unfortunately unavoidable when an account is closed. As the account was closed and the lending facilities withdrawn fairly, I don't find Barclays at fault for this inconvenience.

My final decision

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Z to accept or reject my decision before 2 January 2025.

Faye Brownhill
Ombudsman