

## **The complaint**

Mrs B and Mr B complain Barclays Bank PLC caused them distress and inconvenience by incorrectly closing their accounts, for which they should be compensated.

## **What happened**

The facts leading to the closure of Mrs B and Mr B's accounts are well known to both parties, so I won't repeat everything that happened here. But in summary Barclays were prompted to carry out a review following a concern, which led them to block Mrs B and Mr B's accounts, including Mr B's business account.

Barclays closed the accounts after concluding their review but rescinded their decision on Mr B providing them with further information. Barclays acknowledge they should have asked for this information prior to closing the accounts, and if they had, the accounts wouldn't have closed.

On reopening the accounts, Barclays took time to correct matters, and it appears they closed the savings account again later on in July 2023 due to an error. They eventually reinstated the overdraft on the joint current account, reinstated access to online banking, permitted the use of debit cards, and reccredited the balance held in the savings account and reinstated the account.

Barclays were unable to reinstate a travel insurance policy that was attached to the joint current account at the same monthly cost. The old policy had cancelled when the account closed. To have the same policy again, Mrs and Mr B would be charged an additional cost per month on top of what the policy originally cost.

Barclays made an offer to put matters right, of which the following is relevant to this complaint:

- £1000 for inconvenience experienced across all of the accounts, including Mr B's business account.
- £144 to represent the difference in cost between what Mrs B and Mr B would have paid for a year for the cancelled travel insurance policy and the additional cost of taking out the same product afresh.

Our investigator concluded Barclays offer was fair. They said:

- Barclays shouldn't have closed the accounts before asking Mr B for the information he went on to provide after their decision had been made.
- The offer of £1000 was fair to make up for the distress and inconvenience Mrs B and

Mr B experienced, as was the offer to pay one year's worth of the difference in cost between the travel insurance policies.

Mrs B and Mr B rejected the outcome and asked for a final decision from an ombudsman, so their complaint was given 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've decided to uphold Mrs B and Mr B's complaint, but I'm not awarding further redress than what Barclays offered. I'll explain why.

Barclays have important legal and regulatory obligations to meet when providing accounts. Where a concern arises, banks will usually carry out a review and often block accounts. I'm satisfied Barclays decision to initially block the accounts in June 2023 was reasonable given the nature of their concern, so I'm not awarding compensation on this point.

Barclays acknowledge they should have contacted Mr B as part of their review before deciding what to do with the accounts, including the joint current and savings accounts. Had they done so, none of the accounts would have closed. They paid £200 into the joint current account for their initial failure, but it's very clear there were a number of issues Mrs B and Mr B experienced after this time, including the further closing and reopening of the accounts, delays in having full access to the accounts, as well as full access to the funds Barclays previously removed.

After considering everything that happened, I've no doubt Mrs and Mr B experienced substantive inconvenience and concern trying to resolve matters. Barclays offered £1000 after their original £200 payment, and I find this is a significant sum to compensate both Mrs and Mr B for the problems they experienced jointly and individually over the period their accounts were not readily usable from the beginning of July 2023. I haven't found persuasive evidence which would lead me to conclude Barclays should pay more than this.

Mrs B and Mr B lost out on the lower cost of the travel insurance which was cancelled when their joint current account was closed. Barclays explained it's not possible to reinstate the old policy and taking out the policy again comes at an increased cost. They offered to reimburse the difference in cost between the old and the new policy for a year should Mrs B and Mr B chose to take out it out.

Mr B says this doesn't put them back in the position they would have been in had the policy not been cancelled. But after careful consideration I find Barclays' offer reasonable. I say this because I find it would be a disproportionate and impractical consequence of Barclays' error to require them to continuously assess and refund the monthly difference in cost to Mrs and Mr B until such time that the insurance becomes invalid or the difference in cost doesn't exist. I'm satisfied a year gives Mrs B and Mr B sufficient time to benefit from the policy without incurring additional cost, and to source another policy elsewhere should they wish.

### **Putting things right**

Subject to Mrs B and Mr B accepting this decision by the deadline, I require Barclays to:

- Pay Mrs B and Mr B £1000 to make up for the losses they experienced, including the distress and inconvenience they were caused.

- Contingent on Mrs B and Mr B agreeing to take out the travel insurance again, pay them £144 to represent one year's worth of the difference in cost between what their old policy would have cost them at the point the policy was cancelled and the cost of the new policy at that time.

**My final decision**

My decision is I uphold Mrs B and Mr B's complaint. Barclays Bank PLC should pay Mrs B and Mr B redress according to what I have said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 1 July 2024.

Liam King  
**Ombudsman**