

The complaint

Mr A has complained that Barclays Bank UK PLC ('Barclays') closed his savings account without an explanation and told him he can't bank with it again. He wants the account to be reopened.

What happened

Mr A said he opened a savings account with Barclays in order to encourage himself to start saving. He had the account for around ten years and just before it was closed, he'd secured a second job, something which would have enabled him to start saving.

Barclays wrote to Mr A on 22 November 2023 to inform him it had decided to close his account with immediate effect.

Mr A complained to Barclays in November and December 2023. He said he didn't become aware of the closure until six days after its closure letter. He called and visited its branches four times but the staff there weren't able to respond to his queries. Mr A was unhappy with the decision to close the account and said he deserved to know the reason why. He was concerned he may not have been able to remortgage and that the closure would impact his credit rating.

Mr A wrote to Barclays and said he'd tried to understand what had led to the closure and he thought it might relate to transactions in his account between August and October 2023. Mr A said the transactions were in relation to university fees he'd agreed to pay on behalf of someone he knew who was having issues making payments directly to the university. Mr A said he initially refused but after getting the agreement of the university he proceeded to make those payments after his friend had transferred the money into his Barclays account. He said he agreed to do this to ensure his friend wouldn't lose their place at university.

Mr A said he then noticed that the money was transferred in a number of different transactions and came from different payees. He said he queried this but his friend said this was normal. He said on occasions the transfers were more than the university fees so he transferred that money back to source. He said he then thought it might be better if he transferred all the money to another one of his accounts so he could pay the fees together. Mr A provided screenshots of all the transactions and also email conversations he had had with the university as evidence in support.

He said he found the fact that he'd been told he couldn't bank with Barclays again very traumatic and that it was affecting his mental health. He said he felt he had been blacklisted which could be interpreted as him having been found guilty of a fraudulent act. Mr A added

that he was a signatory of another account which belonged to a society he was a member of and he was concerned that account would be closed too.

Barclays responded to Mr A but it didn't uphold his complaint. It apologised that its staff weren't able to provide Mr A with more information when he went into branch. It said the closure was in line with its terms and conditions. It added that the closure would not impact Mr A's credit score, which was one of his concerns. It said Mr A would be able to collect the £3.73 left in the account once its internal checks were completed.

Mr A then complained to us. He said that the closure was impacting his mental health and that he was concerned about his career and reputation. He said he wanted to know what he had done wrong.

While the complaint was with us Barclays said it was prepared to offer £100 compensation to Mr A for the inconvenience he was caused by the abrupt closure of his account.

One of our investigators reviewed the complaint and thought that Barclays' £100 was fair and reasonable. Our investigator said she thought Barclays' actions were in line with its terms and conditions and also that it wasn't obliged to provide Mr A with its reasons for the closure. She added that the society would have to bring its own complaint as that was a separate account.

Mr A didn't agree. He said he wasn't after any compensation but wanted an explanation why he couldn't bank with Barclays again which he felt was a serious punishment. He said he was impacted by the closure of his account, as it was closed just as his first salary was about to be paid into it.

Our investigator maintained her view and Mr A asked for an ombudsman's decision. He repeated that he felt he had been treated in a dehumanising and inhumane manner by Barclays. He said he couldn't find anywhere in Barclays' terms and conditions which would explain what he did wrong to justify the closure. He added that he had been psychologically and emotionally impacted by the closure.

Our investigator provided Mr A with a copy of Barclays' terms and conditions and referred him to the relevant section regarding closures. Mr A said he didn't recall signing up to the terms and conditions and that he had opened his account a long time ago. He said to his knowledge he hadn't contravened them in any event. He said he couldn't accept not being able to ever bank with Barclays again without asking any questions and didn't think the £100 offer was fair and found it insulting.

Our investigator said that Barclays' terms are updated regularly and there is no requirement for customers to sign the terms each time they are updated. She repeated that Barclays doesn't have to provide its reasons for deciding to close an account.

The matter was then passed to me to decide. Before I issued my decision Barclays told us that it would be happy to transfer the £3.73 to another of Mr A's accounts if he provided the relevant details.

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'd like to start by clarifying that, like our investigator, in this decision I will only be looking at Barclays' decision to close Mr A's savings account.

I'd also like to say that I was very sorry to hear about the impact that the account closure has had on Mr A, including on his mental health. I appreciate that Mr A will find this very disappointing but for the reasons I provide below, my decision is along the same lines as our investigator's view.

Barclays has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Barclays will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result.

Barclays' terms and conditions say that it can close an account by giving two months' notice or with immediate effect in certain circumstances.

Having reviewed all the evidence, including the information Barclays provided in response to the investigator's view, I'm satisfied that it was acting in line with its legal and regulatory obligations when it reviewed Mr A's account. I also find that the basis for its review was legitimate for the same reasons.

As I said above, Barclays decided to close the account with immediate effect. Barclays has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. I've seen nothing to suggest that Barclays' decision around closing Mr A's account was unfair. But Barclays now accepts that the immediate closure would have caused Mr A inconvenience and has offered £100 compensation for this. In the particular circumstances and based on the evidence it has provided I think this is fair and reasonable.

Mr A is unhappy that Barclays didn't provide a reason for the closure of the account and is particularly unhappy that he's been told he can't bank with Barclays again. I can appreciate why being provided with no explanation would be frustrating and upsetting for him. But I don't think Barclays has to give a full explanation. That is because it is entitled to close an account with Mr A just as he is entitled to close an account with Barclays. It's generally for banks and financial businesses to decide whether or not they want to provide, or continue to provide, banking facilities to any particular customer. Unless there's a very good reason to

do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions in a legitimate manner, this service won't usually intervene. And as I said above, I have considered Barclay's decision to close the account and I think it was in line with its legal and regulatory obligations as well as its terms and conditions. It follows that I won't ask it to reopen the account.

Furthermore, Barclays is allowed to set its own policies which will also include its risk criteria. It's not my remit to say what policies or risk appetite Barclays should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. And as I said above, having looked at all the evidence and the terms and conditions I'm satisfied that Barclays was acting fairly and reasonably when it closed the account.

My final decision

For the reasons above, I have decided to uphold this complaint. Barclays Bank UK PLC must pay Mr A £100 for the distress and inconvenience it caused him.

Barclays Bank UK PLC must pay the compensation within 28 days of the date on which we tell it Mr A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Barclays Bank UK PLC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Anastasia Serdari
Ombudsman