

The complaint

Mr M complains Barclays Bank UK PLC unfairly closed his account without notice.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Barclays carried out a review of Mr M's account and on 14 March 2023 it explained to Mr M his account had been frozen. Barclays asked Mr M about credits into his account and evidence of his entitlement to the funds received in. Barclays reviewed the information and on 19 March 2023 it issued a notice to close letter. This letter explained that Mr M's accounts with Barclays would close with immediate effect.

Mr M raised a complaint about the immediate closure, explaining Barclays hadn't given him any notice or explained its reasons. Barclays explained that it had closed the account immediately in line with its internal review process and the terms of Mr M's account.

Mr M remained unhappy and referred his complaint to our service. An Investigator reviewed his concerns, and they didn't uphold Mr M's complaint. In summary they explained:

- Barclays' regulatory obligations meant it was required to monitor and review customer accounts and it didn't need to give Mr M notice of this review or a reason for the closure.
- Barclays has disclosed the specific reasons to this service in confidence and they were satisfied Barclays acted fairly in light of the information available.

Mr M remained unhappy and maintained Barclays had acted unfairly. The case has been referred to me – an ombudsman – for a 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.

As a UK financial business, Barclays is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Barclays needs to restrict, or in some cases go as far as closing, customers' accounts.

Barclays has explained and given me information to show why it reviewed and closed Mr M's account. Having carefully considered this, I'm satisfied Barclays took these actions in line with the obligations it must adhere to.

Barclays is entitled to close an account just as a customer may close an account with it.

But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Barclays and Mr M had to comply with, say that it can close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice. Barclays closed Mr M's account with immediate effect. Having looked at the information given to me by Barclays, I'm satisfied it was entitled to close the account in the way that it did.

I know Mr M would like a detailed explanation as to why Barclays took these actions. But Barclays isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information we consider should be kept confidential.

As part of the review process Barclays carried out a proof of entitlement exercise. Mr M says he co-operated with this and provided information to Barclays about the payments into his account and the source of funds. Barclays didn't consider this information to be sufficient to mitigate its concerns, and it continued to review and subsequently close Mr M's account. I consider this to be reasonable as Barclays provided Mr M with an opportunity to alleviate its concerns, but this wasn't possible based on the evidence provided. Given the information provided to this service by Barclays, I think it has acted appropriately and in keeping with its regulatory duties.

Mr M says Barclays' decision to close his account immediately caused him significant distress and inconvenience and he is unable to bank elsewhere. I do appreciate this matter would've caused him some difficulty, as Mr M appears to have used his Barclays account regularly. But having looked at what's happened in this particular case, I can see any basis on which I might make an award against Barclays as I don't think it has done anything wrong in restricting and closing Mr M's account. Barclays has also confirmed it hasn't recorded any adverse information about Mr M, so I don't think it can be held responsible for any issues Mr M now has in accessing banking services.

I know this will not be the outcome Mr M was hoping for, but I am satisfied Barclays acted reasonably in taking action to discharge its regulatory obligations and haven't treated Mr M unfairly in closing his account. I know Mr M will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Barclays to take any further action or compensate Mr M.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 October 2024.

Chandni Green
Ombudsman