

The complaint

S a limited company complains Barclays Bank UK PLC unfairly closed its account.

S is represented by Mr D.

What happened

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

S held a Barclays account and following a review of the account Barclays issued a notice to close letter on 10 October 2023. This explained all accounts held by S would close on 11 December 2023. During this time S's accounts would operate as normal, but its overdraft facilities would be removed.

Mr D contacted Barclays, and during a phone call he was told the account would not close and to ignore the letter. However, this was incorrect information and S's account closed in early December 2023. Mr D complained to Barclays, explaining the closure was unfair and would have a detrimental impact on S. Mr D said he had been given incorrect information and he had previously experienced problems with Barclays regarding account closure. Mr D explained Barclays didn't provide a clear reason for the closure and the matter had been poorly handled. Barclays reviewed Mr D's concerns and explained that it had closed the account in line with the relevant terms and conditions, and it didn't provide specific reasons, as it was not required to do so. It did however accept that Mr D had experienced poor service and offered Mr D £100 in recognition of its service failings.

Mr D remained unhappy and referred S's complaint to this service. An Investigator reviewed the complaint. Initially, due to a lack of information from Barclays the Investigator upheld S's complaint and recommended the account be reopened and Barclays pay S £200 for the inconvenience caused. However, following further submissions from Barclays, the Investigator reviewed their findings. In summary, they explained:

- The closure of S's account was not related to the previous decisions made by Barclaycard to close Mr D's personal account and S's commercial account.
- Barclays' regulatory obligations meant it was required to monitor and review customer accounts and it didn't need to give S notice of this review or a reason for the closure.
- The £100 offered for the incorrect information provided to Mr D was a fair offer in the circumstances.

Mr D disagreed with the recommendations and asked for a final decision by an ombudsman.

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. That sometimes means Barclays needs to restrict, or in some cases go as far as closing, customers' accounts. In S's case, a review of the account resulted in a decision to terminate its banking relationship with S.

I must also add banks have a broad commercial discretion to decide who they provide accounts to. This means that they can, on occasion, decide that they no longer wish to provide accounts and proceed with closing them. For this reason, it would be rare our service would recommend an account be reopened without very good reason. Instead, what we look to see that the reasons for closing the account are reasonable, and the closure is in line with the terms.

The terms of S's account allow Barclays to close the account for any reason, so long as they provide at least two months' notice – which is in line with the regulations about payment accounts, and common industry practice. This is to give consumers the opportunity to set up accounts elsewhere. In this case I can see they gave S 60 days' notice, which is appropriate and in line with these terms. The account was available to use during this period, and given the minimal use of the account and prompt return of funds, I can't see that the closure had an adverse impact on S.

Barclays aren't obliged to provide a reason for the account closure, and in this case have declined to do so to Mr D. I can't say they've done anything wrong by not discussing this in more detail. The reason for the account closure should be rational, factually correct, and non-discriminatory. The rules of our service allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example if it contains information about other customers, security information, or commercially sensitive information. Some of the information Barclays has now shared with us is information I consider should be kept confidential.

This means I haven't been able to share the reasons for the closure of the accounts in detail with Mr D. But based on the information available to me I'm satisfied that Barclays acted fairly in making the decision to close S's account. I'm satisfied this was a legitimate commercial decision taken by Barclays, and it wasn't unreasonable. I can also assure Mr D that the reason for the closure was based on a fresh review carried out in 2023. The closure is not due to the issues Mr D experienced with his previous Barclaycard complaint.

I've also considered the service received by Mr D. When he was notified of the closure, Mr D was incorrectly told to ignore the letter. I can see this was due to Mr D taking part in a KYC review, and the adviser incorrectly thought the closure was connected to this review. However, Barclays has explained the closure was based on a review by a different team. I appreciate the provision of incorrect information had an adverse impact on S. Barclays offered Mr D £100 in recognition of its failings and based on the impact on S I think this is a fair offer.

I know this will not be the outcome Mr D was hoping for, but I am satisfied Barclays acted reasonably in closing S's account. I know Mr D 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.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or

reject my decision before 3 October 2024.

Chandni Green
Ombudsman