

The complaint

Mr S complains that Barclays Bank UK Plc ('Barclays') closed his bank account and didn't release all of his funds after closing the account.

What happened

Mr S had a current account provided by Barclays.

On 11 September 2023 Barclays wrote to Mr S saying it had frozen his account while it reviewed recent activity on the account. It said to complete its review it needed information in the next three working days about a particular transaction which it specified. It told Mr S how to provide the information.

Barclays subsequently wrote to Mr S saying it was closing his account immediately. Barclays recorded in its notes that it required a '*proof of funds investigation*' before it would release his funds.

Over the ensuing months Barclays recorded a number of contacts with Mr S in which he asked about its requirements for proof of funds and Barclays set out what it required, with examples and a list of specific transactions for which it wanted proof. Mr S provided some information on various dates. But Barclays said the information wasn't sufficient.

In February 2024 Mr S complained to Barclays. Barclays recorded that it had discussed with him that, although he'd provided some information, the information wasn't sufficient. And Barclays couldn't return his funds unless he provided the proof Barclays had requested. It said it didn't uphold Mr S's complaint because it hadn't made an error.

Mr S referred his complaint to this service. He said Barclays had unfairly closed his account and not returned his funds. One of our Investigators looked into the complaint.

During the investigation by this service, Mr S provided the investigator with some proof of funds that he hadn't previously provided to Barclays as well as copies of things he'd already provided. Our investigator forwarded the documents to Barclays.

On 26 June 2024 Barclays wrote to Mr S saying it had released £797.23 to him. Barclays continued to withhold the remaining £400 which had been in Mr S's account.

Barclays also said it would offer Mr S £200 compensation because it should've given him notice before closing his account instead of closing the account immediately. But Barclays later said this was a mistake and the immediate closure was warranted.

Our investigator came to the view that Mr S's complaint should be upheld. In summary he said the following:

- Barclays was entitled to close Mr S's account the way it did. The terms and conditions of Mr S's account allowed Barclays to close the account without notice in some circumstances. And in this case Barclays had applied those terms and

conditions fairly.

- It was also fair and reasonable for Barclays to withhold funds from Mr S's account. Barclays had important regulatory obligations which required it to seek proof of funds in some circumstances. And at the time of the account closure Mr S hadn't provided sufficient proof of funds for Barclays to fulfil its obligations.
- Despite the information Mr S provided about the £400 that Barclays withheld from him, it wasn't unreasonable for Barclays to refuse to return the £400.
- Of the £792.23 that Barclays did return to Mr S, Barclays could've returned £220 sooner than it did. That was because Mr S had provided sufficient proof of those particular funds in December 2023. Yet Barclays didn't return the funds until June 2024.
- For the delay returning £220 to Mr S the investigator recommended Barclays pay 8% simple interest on those particular funds, covering the period from 20 December 2023 to the date the £220 was released to Mr S.

Barclays said it accepted the investigator's recommendation to pay interest on the £220 for the period of delay.

Mr S disagreed with the investigator's findings. He said Barclays should also return the £400 which it had withheld from him. He described why he believed he was entitled to those funds. He said he'd refunded the £400 that Barclays had asked about so it wasn't fair for Barclays to withhold £400 from him.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

I issued a provisional decision in which I said I intended not to uphold Mr S's complaint. In summary I said the following:

- Barclays acted fairly and reasonably when it closed Mr S's account without notice.
- Barclays acted fairly and reasonably when it continued withholding £400 from Mr S's account after it decided to return the remainder of the funds because Barclays had a fair and reasonable basis on which to believe Mr S wasn't entitled to the £400.
- Barclays had information in December 2023 which it could've used to decide to release £220 from Mr S's account. But information I'd accepted in confidence from Barclays was of a nature which led me to decide, provisionally, that awarding Mr S compensation wouldn't be a fair or appropriate outcome for any of the matters he'd brought as part of this complaint.
- S
o I didn't intend to require Barclays to compensate Mr S for temporarily depriving him of £220 during the time Barclays took to return those funds. And because I hadn't found Barclays was wrong to withhold the remainder of the funds and close Mr S's account, I didn't intend to award any compensation for those actions either.

I said I'd consider any further submissions or comments from Mr S and Barclays before making a final decision.

Barclays said it agreed with my provisional findings. Mr S didn't agree. He said the £400 Barclays had asked about had been transferred to him in error and he'd refunded it. So he thought it wasn't fair for Barclays to withhold £400 from him. Mr S also reiterated the impact on him of the actions Barclays took on his account.

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.

Having done so, I'm not upholding the complaint. I'll explain why.

First, I want to set out that our rules allow this service to receive evidence in confidence. We may treat evidence from banks 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 for our investigation of Mr S's complaint is information we consider should be kept confidential. This means there's some detail I won't share with Mr S. But I'd like to reassure him I've considered everything.

I'm satisfied Barclays acted fairly and reasonably when it closed Mr S's account without notice. The account closure was in line with the terms and conditions. And based on the information Barclays has provided about Mr S's account and the information provided by Mr S, I'm satisfied Barclays applied the terms and conditions in a reasonable way when it decided to close the account.

I'm also satisfied it was fair and reasonable for Barclays to continue withholding £400 from Mr S's account after it closed the account, even after it decided to return the remainder of the funds. That's because I think Barclays had a fair and reasonable basis on which to believe Mr S wasn't entitled to the £400. Barclays was entitled to ask Mr S about the source of the £400, as part of its regulatory obligations. I can't say that was unreasonable. And, having seen the information Mr S provided to Barclays and to this service about the source of those funds, and the information provided by Barclays in confidence, I don't think it unfair or unreasonable that Barclays remained dissatisfied about the source of those funds.

Although Mr S says he provided evidence he refunded the £400, the evidence doesn't show he returned that money to the person who'd paid it to him. So I don't think that evidence gives Barclays a reason to be satisfied that Mr S was entitled to the £400 or that Barclays should release the £400 to Mr S.

Although Barclays did return some of Mr S's funds, Mr S said it took too long to do so. Our investigator agreed Barclays had information that could've prompted it to release some of the funds sooner. And Barclays accepted the investigator's suggestion to compensate Mr S for that. I too found that the information which prompted Barclays to release £220 from Mr S's account was available to Barclays from December 2023. So, Barclays had a basis to release the £220 well before June 2024 when it eventually did so. But it doesn't follow that I must award compensation to Mr S in these circumstances. I must consider all the circumstances and information surrounding Mr S's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

After considering what Mr S has said and the content of Barclays's review of his account, I don't find awarding Mr S compensation would be fair or appropriate. I understand Mr S would naturally want to know all of the information I've weighed in order to reach this provisional finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook. The information I've accepted in

confidence is of a nature which justifies the review and account closure by Barclays. And it justifies the decision by Barclays to continue withholding some of the funds from Mr S's account. It's also of a nature which has led me to decide that awarding Mr S compensation wouldn't be a fair or appropriate outcome for any of the matters he's brought as part of this complaint.

So I'm not requiring Barclays to compensate Mr S for temporarily depriving him of £220 during the time Barclays took to return those funds. And because I haven't found Barclays was wrong to withhold the remainder of the funds and close Mr S's account, I'm not awarding any compensation for those actions either.

My final decision

For the reasons I've set out above, final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 October 2024.

Lucinda Puls
Ombudsman