

The complaint

Miss R complains Barclays Bank UK PLC (“Barclays”) blocked and closed her account with immediate effect.

Miss R says Barclays’ actions have impacted her credit rating, and she’s suffered distress and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In December 2023, following an internal review, Barclays notified Miss R that it had decided to close her account with immediate effect. Miss R says this caused her to miss some direct debit payments which have adversely affected her credit file.

Unhappy with Barclays’ actions, Miss R complained. Barclays didn’t uphold Miss R’s complaint. In short, Barclays said it hadn’t made an error and it can’t provide Miss R with a specific reason why it closed her account. Miss R referred her complaint to this service.

One of our Investigator’s looked into Miss R’s complaint. Miss R explained that she had discovered she had had an adverse CIFAS credit marker applied against her by another financial business. But that has now been removed after she challenged it. Miss R also questioned if a refund from a retail organisation had been paid to her by Barclays as it was made after the account had closed.

Barclays confirmed that it sent Miss R a cheque for £55 in February 2024 which related to the retail refund she had received after the account had been closed.

Our Investigator recommended Miss R’s complaint was upheld in part. In summary, they made the following key findings:

- Barclays’ decision to close Miss R’s account was fair but it should’ve given more notice and not closed it immediately.
- After weighing up the impact this had on Miss R, including the inconvenience of changing her salary and direct debits, Barclays should pay her £250 compensation. £100 for the short notice and £150 for the trouble and upset she was caused.

Miss R agreed with what our Investigator said. Barclays didn’t agree, in short it said it had acted appropriately based on the information it had. Our Investigator explained that Barclays needed to provide more information and that it should’ve acted more proactively and carried out further due diligence before deciding to close Miss R’s account in the way it did.

Miss R confirmed she was able to get a £40 charge refunded from one of her creditors due to her direct debit payment not being made on time from her Barclays account. But she says

her late payment for a loan with another business reflected badly on her credit file.

As there was no agreement, this complaint has been passed 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.

Having done so, I have decided to uphold this complaint in part. I'll explain why.

Banks in the UK, like Barclays, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are 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. Barclays carried out a review of Miss R's account and I'm satisfied it was done in line with its obligations.

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 Miss R had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Barclays closed Miss R's account with immediate effect. Barclays has provided me with an explanation and supporting evidence as to why it did this. Having carefully considered this, I'm not satisfied that Barclays has provided enough information, or that it carried out sufficient due diligence, to show it acted fairly and reasonably when closing the account immediately.

That means, based on the information I have been able to weigh, Barclays should have given Miss R two months' notice with access to her account during the notice period. This would have allowed Miss R to have moved her regular payments and other banking services she relied on in an orderly manner. Instead, Miss R had to deal with late payments and rearrangement of her regular payments under avoidable time critical circumstances. Having her account closed in the way it was would understandably have caused Miss R distress.

It's understandable why Miss R wants a detailed explanation from Barclays as to why it acted in the way it did. But Barclays is under no obligation to do so. I would add too that our rules allow us 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 is information that we consider should be kept confidential.

Fair redress

Miss R has explained she made several calls to Barclays and her creditors, and her direct debit failed. She's also explained that callback promises weren't kept by Barclays. Miss R has also had to follow up extensively with some of her creditors to get late payments fees refunded. It's also evident that the matter has caused her substantive distress. After carefully weighing this up, and referring to our guidance on such awards, I'm persuaded that £250 compensation is fair compensation for the distress and inconvenience Miss R suffered because of what Barclays did wrong.

It's not clear if Miss R has actually suffered any adverse impact to her credit file given she

would've had all of December 2023 to make any missed payments that feel due on that month. But it's possible, as the closure was initiated at the end of November 2023, that there may have been some impact to her credit file. Because of that, Barclays should send Miss R a letter in which it explains that any missed payments in November and December 2023 that creditors have applied adverse information about was its fault. This should help Miss R in getting those removed by any such creditor or merchant she had a direct debit set up with.

Putting things right

To put things right, Barclays must:

- Pay Miss R £250 compensation.
- Send Miss R a letter explaining that its error caused her to miss payments in November 2023 and December 2023.

My final decision

For the reasons above, I have decided to uphold this complaint in part. I now direct Barclays Bank UK PLC to put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 7 February 2025.

Ketan Nagla
Ombudsman