

The complaint

Mr I complains that Barclays Bank UK PLC (trading as Barclaycard) unfairly blocked and closed his credit card account without providing a proper explanation.

To put things right Mr I wants Barclays to pay him compensation for the trouble and upset he was caused.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr I had a credit card account with Barclaycard.

In May 2023, Barclays wrote to Mr I, saying it had blocked his credit card account due to fraud concerns and asked him to get in touch with them. Mr I contacted Barclays and confirmed that he'd applied to open the account and that the transactions made on the account were genuine.

Following this Barclays reviewed Mr I's account and decided to close the account immediately. Mr I discovered that his account had been closed when he tried to pay for a hotel stay. Mr I said he didn't have any other means to pay for the hotel and his credit card was declined, which meant he was forced to leave the hotel.

Mr I has said that at the time he wasn't in a good place and was dealing with mental health issues. He also said that other guests were present at the hotel when he was asked to leave, and he was forced to sleep on the streets, all of which was very embarrassing and upsetting.

Mr I contacted Barclays to complain. He said he didn't get the letter Barclays sent to him about his account being blocked and that Barclays never told him it had closed his account. In response, Barclays told Mr I that it had made a commercial decision to close his account. It apologised to Mr I for any trouble and upset this had caused him.

Barclays acknowledged that it should have let Mr I know it had closed his account. Barclays asked Mr I the cost of his intended hotel stay. Mr I said he couldn't remember, but thought it was between £60 - £70. To resolve Mr I's complaint, as a gesture of goodwill Barclays paid Mr I £70.

Unhappy with this response Mr I brought his complaint to our service. He said Barclays hadn't let him know that they had closed his account, and this had a severe impact on his mental health. He said Barclays should have warned him it was going to block and close his account. So, he said Barclays should pay him more compensation, and £70 isn't enough for the amount of trouble and upset he suffered.

One of our investigators looked into what had happened. After looking at all the information

and circumstances of Mr I's complaint, the investigator didn't think Barclays had treated Mr I unfairly when it had blocked his account and didn't have to explain why it no longer wanted Mr I as a customer. The investigator said Barclays had done enough to put things right and that Barclays didn't have to warn Mr I that it was going to close his account. So, they didn't uphold the complaint.

Barclays agreed with the investigator's view. Mr I didn't. He wants more compensation.

As no agreement could be reached the matter has come 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.

I'll deal first with the block of Mr I's account. As the investigator has already explained, Barclays has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads to payment instructions being declined, and accounts being suspended. The terms and conditions of Mr I's account also make provision for this.

With this all in mind, I've considered the basis for Barclays's decision to block Mr I's account. Having looked at all the evidence and circumstances of this complaint, which includes considering the information Barclays has shared with this service in confidence, I'm satisfied that Barclays have acted in line with their legal and regulatory obligations when it blocked Mr I's account and didn't allow him to use his account to pay for his hotel stay. So, whilst I accept this caused Mr I a good deal of trouble and upset at the time, I can't say Barclays have treated Mr I unfairly when it blocked his account.

Mr I says Barclays didn't warn him that it had blocked his account. But I've seen a copy of the letter Barclays sent to Mr I dated 27 May 2023, which asked Mr I to get in touch with them as it needed to check some information with him. I can see that the letter is correctly addressed. I can also see from looking at Barclays screenshots that Mr I called Barclays on 30 May 2023, to confirm he'd made the account application. So, I think it's more likely than not that Mr I was aware Barclays had blocked his account.

I can understand it would have been upsetting for Mr I to learn his credit card account was closed and no explanation given by Barclays why that was. While not trying to minimise the upset and frustration this no doubt caused Mr I, under Section 19 of the terms and conditions of Mr I's account, Barclays can close an account without providing a full explanation why.

That's because Barclays is entitled to close an account with Mr I just as he is entitled to close his account with Barclays. It's generally for banks and financial businesses to decide whether or not they want to provide, or to 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 about that in a legitimate manner, this service won't usually intervene. But before Barclays closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and

conditions and they state that Barclays could close Mr I's account by giving him at least two months' notice. Barclays can also close an account without notice – which is what happened here.

Barclays hasn't been unable to provide any evidence that it wrote to Mr I to let him know it had closed his account. So, I'm not satisfied that Barclays has complied with this part because it didn't inform Mr I. Barclays has accepted that it didn't make Mr I aware that it had closed his account until he contacted them in late 2023 to make a complaint. I've listened to the call recording of the conversation Mr I had with Barclays about his account being closed in November 2023. During the call Barclays apologised and told Mr I that it had made a commercial decision to close his account. And did so shortly after it had blocked the account in late May 2023.

The timing of Barclays closing Mr I's account was unfortunate. At the time Mr I was trying to check into a hotel and says he had no other means to pay for the costs. He has also explained that at the time he wasn't in the best of mental health. So, Barclays actions had a severe impact on him.

To put things right, for not informing Mr I it had closed his account, after asking Mr I how much he would have paid for his hotel stay, Barclays paid Mr I £70 as a gesture of goodwill, which was the cost of Mr I's failed hotel stay. Mr I hasn't provided any evidence of his attempted stay at a hotel, but I'm persuaded by what Mr I has said and that he has provided his honest recollections of what happened. Mr I has asked for more compensation. I understand Mr I's frustration at what happened. But Barclays has apologised for its error and already paid Mr I £70 as a gesture of goodwill. I think that's fair and reasonable compensation for what happened and any distress and inconvenience he has been caused. So, I won't be asking Barclays to do anything more.

I've next gone on to consider whether Barclays's reason for closing the account was fair. In doing so, I appreciate that Barclays are entitled to set their own policies and part of that will form their risk criteria. It is not in 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.

Barclays has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr I due to its commercial sensitivity. But I've seen nothing to suggest Barclays's decision around closing Mr I's account was unfair. On balance when considering Barclays's wider regulatory responsibilities and all the information available to me, I find Barclays had a legitimate basis for closing Mr I's account and not tell him why. I'm also mindful that this is a credit card account, and it's the prerogative of the business whether they want to continue to lend money.

In summary I realise Mr I will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I won't be telling Barclays to do anything more to resolve Mr I's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 6 February 2025.

Sharon Kerrison
Ombudsman