

The complaint

Mr S complains that Barclays Bank UK PLC ('Barclays') closed his bank accounts without explaining why. He said he suffered financial losses as a result and wants compensation.

What happened

I issued a provisional decision on this complaint earlier this month where I said that I was not considering upholding the complaint. An extract from that decision follows.

"Mr S says he had his accounts with Barclays since 1999. On 2 July 2023 as he was trying to book a hotel for a holiday, he noticed that the money in his current account had disappeared and the account was showing that he was overdrawn by £500,000. He said he was calling Barclays over the following days and was on hold for a long time which resulted in him missing work and suffering a loss in his earnings. He said Barclays eventually told him it was closing his accounts but couldn't tell him why. He was told he could go to a branch with ID so he could collect his funds.

Barclays wrote to Mr S on 12 July 2023 to let him know it had decided to close all his accounts with immediate effect. It confirmed he could collect his funds by visiting one of its branches with valid ID and proof of address.

Mr S wasn't happy about Barclays' actions and complained. He said he needed money urgently to pay for his hotel booking and also mentioned that he missed work and lost earnings. He said he also suffered distress and wanted compensation.

Barclays didn't uphold the complaint. It said that it was acting in line with its legal and regulatory obligations which enable it to block and close accounts. It clarified that Mr S's account was showing an overdraft but this wasn't an actual debt but a marker it had applied while reviewing the account.

Mr S then brought his complaint to us. He said he wanted compensation for the losses he suffered as a result of the block and closure of his accounts. He said he lost £109.10 in terms of earnings. He also said he lost a further £774.17 due to not travelling with his family as a result of Barclays' actions. He added that he wanted his accounts to be reopened and also compensation for not being able to travel with his family which meant his wife had to travel with their children on her own. He also asked for compensation for not being able to use money he had set aside in his foreign exchange account for this trip.

While the complaint was with us Barclays said that the accounts shouldn't have been closed immediately but 62 days' notice should have been given. It apologised and offered Mr S £100 compensation for the inconvenience it caused him.

One of our investigators reviewed the complaint and thought it should be upheld. Though she thought Barclays was acting within its legal and regulatory obligations when it reviewed and closed the accounts, she thought more notice should have been given to Mr S. She thought Barclays should pay Mr S £150 compensation for the distress and inconvenience he was caused.

Barclays agreed with our investigator's view but Mr S didn't and asked for an ombudsman's decision.

Our investigator went back to Mr S and asked for evidence in support of the losses he said he'd suffered. She also asked Barclays for more information regarding Mr S's foreign exchange account and whether those funds had been returned to Mr S. Barclays confirmed that the foreign exchange account was closed at the same time as the current and savings accounts and that Mr S was able to withdraw his funds which came to 1,650 US dollars from 12 July 2023.

Mr S said that the £774.17 was the price of his ticket and that he was due to travel with family on 18 July 2023. He said he didn't, as he was waiting for Barclays to resolve the issue. He said unfortunately he could no longer get copies of his booking emails. He said he and his family were severely impacted by the closure of his accounts and that though he had another account in another bank, Barclays is where he had most of his money including his savings.

Our investigator went back to Barclays to ask for further information. Barclays confirmed that on 12 July 2023 Mr S's funds were transferred to a sundry account and not withdrawn by him. It said it was still waiting for Mr S to visit a branch to withdraw it.

Our investigator provided a further view in relation to the complaint. She reiterated the outcome she reached previously and said it also applied to the block and closure of the foreign exchange account. She didn't think Barclays should pay any compensation in relation to Mr S's claims for loss of earnings as she thought that it was entitled to block and close the accounts. She also didn't think Barclays should compensate Mr S for him missing his flights as it had made him aware on 13 July 2023 over the telephone that his accounts had been closed and that he could access his funds in branch. And had he done this he could have deposited his funds into his other account and used them to go on his holiday which wasn't for another five days.

The matter was then passed to me to decide.

What I've provisionally 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.

Mr S had a current, a foreign exchange and a savings account as well as a credit card with Barclays. This decision is in relation to his bank accounts and not his credit card account.

I'd firstly like to explain 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 considered should be kept confidential. This means that I haven't been able to share a lot of detail with Mr S, but I'd like to reassure him that I have considered everything.

It might also be helpful if I explain that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. As our investigator said, Barclays has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Barclays will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result. Barclays's terms and conditions also enable it to stop or suspend payment tools in certain circumstances.

I've also considered the basis for Barclays' review, which I find was legitimate and in line with its legal and regulatory obligations. Having reviewed all the evidence, I'm satisfied that it was acting in line with its legal and regulatory obligations when it blocked Mr S's account on this occasion in order to conduct a review. Furthermore, Barclays reviewed the account and decided to close it within about ten days. I thought, under the circumstances, this was a reasonable amount of time. So I don't think it treated Mr S unfairly or unreasonably in this regard.

Barclays's terms and conditions say it can close an account by giving two months' notice or with immediate effect in certain circumstances.

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. So, I've decided not to ask it to reopen the accounts.

In this case Barclays decided to close the accounts with immediate effect. For Barclays to act fairly here it needs to meet the criteria to apply its terms for immediate closure. Having looked at all the evidence and the terms and conditions I'm satisfied that Barclays was acting fairly and reasonably when it decided to close the accounts with immediate effect. Barclays has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Barclays' decision around closing Mr S's accounts was unfair. Barclays now says that 62 days' notice should have been given before the accounts were closed and offered Mr S £100 compensation for this. As I don't think Barclays has acted unfairly or unreasonably in closing

the accounts without notice I will leave it up to it to honour this offer if it wishes and if Mr S wants to accept it.

Mr S said he found this situation very stressful, he had to wait a long time to speak to Barclays and missed work as a result. He also said he wasn't able to travel abroad with his family while he was waiting for Barclays to resolve the matter. I am not able to compensate Mr S for any distress and inconvenience his family suffered, as they are not joint account holders and therefore not eligible to complain to us in relation to this complaint. In any event, as I don't think that Barclays has acted unfairly or unreasonably overall, I am not considering making an award for compensation in Mr S's favour.

Mr S said he suffered a loss in his earnings due to not being able to go to work whilst liaising with Barclays about his accounts in early July 2023. And that he also suffered losses due to not being able to travel with his family. As I said above, I thought Barclays' actions were fair and reasonable so I am not considering awarding compensation in respect of either of these two losses. But even if I thought Barclays had acted unfairly or unreasonably I wouldn't have considered awarding compensation and I explain why below.

Though I have no reason to doubt what he has said, Mr S wasn't able to provide evidence in support of his loss of earnings, for example a payslip or communications from his employers to show that he wasn't able to reschedule his work.

In respect of Mr S's travel expenses, as our investigator said, Barclays has shown that Mr S was aware that he could access his funds at the latest by 13 July 2023, which was before he was due to fly out with his family. And Mr S said he had another account with another bank that he could have transferred those funds to so he could use them for his holiday. Furthermore, there is an expectation on Mr S to mitigate/minimise his losses which I don't think he has done on this occasion. So I don't think it would be fair or reasonable for me to ask Barclays to compensate him in relation to this specific loss.

I also understand that the funds are still with Barclays who said they are still available for Mr S to collect. I think this suggests that there was no urgency in Mr S retrieving his funds.

Overall, I appreciate that Mr S would have been frustrated and also inconvenienced by Barclays' decision to close his accounts. And it must have been disappointing to be told that Barclays didn't wish to offer him its services anymore. So I appreciate he will be disappointed with my provisional decision. But for the reasons I provided above, I think Barclays' decision to close the accounts in the way it did was fair and reasonable."

Barclays accepted my provisional decision. Mr S responded and made a number of points including the below.

He said he wasn't made aware of how to retrieve his funds and didn't receive Barclays' 12 July 2023 letter. He said if our investigator provided him with a copy, he would accept her recommendation that Barclays' pays him £150 compensation. He also mentioned that his account was closed on 2 and not 12 July 2023.

In relation to his travel expenses, he said he previously shared his flight number and date but didn't keep any of the receipts. He added that he hadn't been asked for evidence in relation to his loss of earnings. He also mentioned that he found a new job through a recruitment agency in September 2023.

Mr S said he was prepared to accept £150 in compensation plus his loss of earnings (£109.10) which would total £259.10.

Our investigator responded to Mr S and clarified that the £150 compensation she had recommended was no longer available to him as he didn't accept her view and asked for an ombudsman's decision instead. She said in her communication with him she explained that an ombudsman would look at everything afresh and may reach a different conclusion.

No further comments were provided by the deadline I set in my provisional decision and so I proceeded with my 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.

Mr S said he didn't receive Barclays' 12 July 2023 letter and was, therefore, not aware how he could retrieve his funds. I have gone through our file and it appears that the 12 July 2023 letter was amongst the documents that Mr S provided to us. I think this shows that he received it. In any event, I have listened to Barclays' call of 13 July 2023 with Mr S, and in that call Barclays' agent explains to Mr S how he could retrieve his funds from a branch. So, I can't agree that Mr S wasn't made aware.

Mr S has said that he wasn't asked to provide evidence of his loss of earnings but from what I can see, our investigator asked for evidence while she was investigating the complaint. Furthermore, Mr S has still not provided further evidence but stated that he had been employed through an agency. It would be for Mr S to provide evidence in support of his claim and without this, I cannot make an award in relation to this loss. But in any event as I said in my provisional decision, I thought Barclays' actions were fair and reasonable so I wouldn't make an award in relation to this loss in any event.

Mr S said his account was closed on 2 July 2023. His account was blocked but not closed until 12 July 2023. This does not impact any of my findings.

Having reviewed everything and as neither party made any new points or provided further evidence my views on the complaint as set out provisionally have not changed. My provisional findings along with any further comments here are now the findings of this my final decision.

My final decision

For the reasons above, I have decided not to uphold this complaint.

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

reject my decision before 26 September 2024.

Anastasia Serdari
Ombudsman