

The complaint

Mr O complains Barclays Bank UK PLC (“Barclays”) closed his account abruptly without notice nor explanation. And in doing so, removed his overdraft and demanded payment.

Mr O says Barclays’ actions have caused him significant financial strain. And Barclays should compensate him for the distress and inconvenience it’s caused him.

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.

Following an internal review in August 2023, Barclays decided to close Mr O’s account by giving him two months’ notice – until October 2023. Mr O didn’t receive the notice of closure letter and only discovered what had happened when his overdraft wasn’t available in September 2023. Mr O was able to switch his account to another bank on 6 October 2023. In October 2023, Barclays decided to close the account with immediate effect.

Unhappy with Barclays’ actions, Mr O complained. Barclays upheld part of Mr O’s complaint, and in summary, the key points it made were:

- Barclays issued a notice to close letter relating to Mr O’s accounts on 11 August 2023, and they closed on 12 October 2023. Barclays made this decision correctly. Mr O can use his account as normal until closure
- Barclays is sorry for the delay in its communication about the account closure. Because of this, it would like to offer Mr O £200 compensation

Mr O referred his complaint to this service. Our Investigator looked into it and in summary their key findings were:

- Barclays closed the account in line with its terms and conditions and it doesn’t need to give an explanation
- Barclays say it didn’t send Mr O the notice to close letter on 14 August 2023, and its offer of £200 compensation is fair as he was able to switch his account before the closure date. So the impact of not receiving the letter was minimal
- Barclays’ terms say it can end an arranged overdraft at any time and for any reason. As Barclays had decided to end its relationship with Mr O, it was fair for them to stop lending to him

Mr O didn’t agree with what our Investigator said and wanted Barclays to be ordered to pay him £200 compensation. He also added that cancelling an overdraft without notice is a breach of contract.

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 not to uphold this complaint. 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 banks need to restrict, or in some cases go as far as closing, customers' accounts.

Barclays has explained and provided evidence as to why it reviewed Mr O's account. Having carefully considered this, I'm satisfied it acted 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 Mr O had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Barclays gave Mr O two months' notice of its intention to close his account. I know Barclays said it didn't send the letter as intended in August 2023, and this is something I will discuss later. But I need to make a finding on whether I think Barclays acted fairly in closing the account in the way it did.

Having carefully considered Barclays' explanation and supporting evidence, I'm satisfied it closed Mr O's account in line with its terms and conditions and did so fairly. I note Barclays later said it changed this to an immediate closure. But I don't think doing this in October 2023 made any material difference given that's when the two-month notice ran up to. In other words, the account would've closed at that point in any case.

I know Mr O would like a detailed explanation as to why Barclays closed his account, but it's 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 we consider should be kept confidential.

Mr O says he wasn't given any notice of closure. Barclays say it failed to send the closure letter to him as it should have in August 2023. Mr O says he only found out about what had happened when his overdraft was withdrawn in September 2023. Because of this, Barclays offered Mr O £200 compensation.

Mr O's account wasn't blocked or restricted in any way, and he still had around a month's use of it when he did discover it was being closed. I also note he was able to switch his account before it was due to close. Given the minimal impact this letter issue had on Mr O, I don't think Barclays needs to do any more than it has in its final response letter. It's worth emphasising too that Barclays didn't do anything improper in closing Mr O's account.

Barclays terms say it can end an arranged overdraft at any time and for any reason. And given the reasons it had decided to close Mr O's account, I'm satisfied it didn't do anything wrong in asking for it to be repaid.

As I don't think Barclays did anything wrong in deciding to close Mr O's account in the way it did, I see no basis to make any award of compensation for any distress and inconvenience.

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 O to accept or reject my decision before 10 January 2025.

Ketan Nagla
Ombudsman