

The complaint

Mr H complains Barclays Bank UK PLC, trading as Barclaycard, closed his credit card account with immediate effect and without providing the contractual two months' notice.

Mr H says this has caused him the loss of an essential financial service, worry about his credit rating, loss of reward points, inconvenience, and distress.

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.

This decision only deals with Mr H's credit card account with Barclays.

Shortly after Mr H opened a credit card account, Barclays decided to close it with immediate effect in January 2024. Mr H says this led to him losing an introductory spending incentive of 5,000 rewards points for the relevant scheme. And 30,000 such points as a switching bonus for moving from his previous credit card provider.

Unhappy, Mr H complained. Barclays didn't uphold Mr H's complaint. In summary it said it can close an account immediately under the terms and conditions, and that it was a commercial decision it was entitled to make.

Mr H referred his complaint to this service. One of our Investigator's recommended it was upheld. In short, their key findings were:

- Barclays can close an account with immediate notice under specific circumstances. But Barclays hasn't provided enough information, and it should be aware it can provide such information in confidence to this service. So without this information, they can't find Barclays acted fairly in closing the account immediately and it should therefore have given 60 days' notice
- They can't award compensation for speculative events or something that hasn't happened particularly as there wasn't any impact on Mr H's credit file. 60 days' notice would have mitigated some of the worry Mr H likely suffered. Because of this Barclays should pay him £100 compensation

Mr H was concerned that Barclays had told him it would not provide any financial product or service to him in the future. And he wanted to know if he could appeal both the closure of his account and/or provision of future service.

Our Investigator explained that this service isn't the regulator, so it doesn't have the power to tell a regulated financial business who to offer accounts and services to in the future. If an application or service is refused, that is a future event Mr H may be able to complaint about.

Barclays didn't agree with what our Investigator said. In short, Barclay said that its immediate closure was done in line with its processes given it had also closed Mr H's current account in the same way. Barclays provided further explanation.

As there was no agreement this complaint was 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've decided 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 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 H 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 is under no obligation to provide an explanation to Mr H for why it closed his account. But it should provide this service with enough information for us to determine it has acted fairly and reasonably in doing so. Having carefully considered all the information Barclays has provided, I'm persuaded that it hasn't done enough to show it had sufficient concern to close the account immediately. Barclays is aware it can provide this service with evidence to support any explanation it gives in confidence.

I'm persuaded Barclays hasn't provided enough evidence to support its explanation, nor has it shown it carried out the due diligence I would need to see it has done in the circumstances of this complaint. I'm satisfied Barclays have had sufficient opportunity to do so.

So I think Barclays should have given Mr H two months' notice in line with its terms. In making this finding, I'm aware that we are dealing here with a credit card account – which means Barclays can stop any of its funds being used as lending at any time. So even if Barclays had given two months' notice, its most likely Mr H wouldn't have had the use of the credit facility and any adjacent reward points. I note also that the closure letter says he can repay his debt in the way he normally would have – that is by making at least the minimum monthly payments.

Our Investigator is right to say we can't look into an event or any potential detriment if it hasn't occurred. But I can understand Mr H's concerns. I also haven't seen any evidence that Mr H's credit rating has been adversely affected by Barclays' actions.

I do accept however that having your account closed in this way would've caused Mr H some distress and inconvenience. Had Barclays given two months' notice this would have been somewhat alleviated. And in mitigation, likely caused less impact than it did. So, because of that I'm satisfied £100 is fair compensation.

My final decision

For the reason above, I have decided to uphold this complaint. Barclays Bank UK PLC, trading as Barclaycard, must now pay Mr H £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 January 2025.

Ketan Nagla
Ombudsman