

The complaint

Mr B complains that Barclays Bank UK PLC failed to follow his instructions about closing his two small bonds and incorrectly closed a large bond and charged him a £900 penalty.

What happened

Mr B had one bond of £85,000 and two smaller bonds of £5,000 each. In June 2024 he wanted to close the smaller bonds and Barclays sent him early closure letters to return, but he said there was no designated area to sign. He said in spite of his instructions and being told he wouldn't be permitted to close the bond early, Barclays mistakenly closed his larger bond and removed a £900 penalty from his account. Mr B complained to Barclays.

Barclays apologised to Mr B for its error and refunded the £900 charge and paid him £300 compensation for the distress and inconvenience this had caused. Barclays wrote to Mr B on 12 June 2024 to say early closures aren't permitted prior to maturity, and his isn't a case of exceptional circumstances. Barclays said it could consider Mr B's request if he paid a charge of £5,000, equivalent to 90 days gross interest on the amount to be withdrawn.

Mr B said his bond shouldn't have been closed and Barclays' letter was in relation to another customer's bonds, as the £5,000 early release charge wasn't relevant to him. Mr B said Barclays' letters caused immense stress and worry, not least about his privacy and data. Barclays apologised for not stating an early closure charge of £60, which it had charged Mr B, and paid him £200 compensation. Barclays said its letter has the sort code and account numbers for Mr B's bonds with no details of another customer so there was no data breach.

Mr B said he received unacceptable customer service from Barclays for a month by being on hold, chat and in branch for hours, and given incorrect information. He said Barclays' £200 compensation is insulting and doesn't cover his distress, inconvenience and wasted time. He said his financial planning had been messed up and he referred his complaint to our service.

Our investigator didn't recommend the complaint be upheld. He said Mr B authorised early withdrawal of the two smaller bonds on 7 June 2024 and on 11 June Barclays mistakenly closed the larger bond, and refunded the fee the day after. Barclays closed the two smaller bonds the next day and transferred the funds to Mr B's account on 14 June 2024.

The investigator said Barclays compensation of £300 for the distress and inconvenience caused to Mr B was very reasonable as the mistake was fixed within a day, and the two bonds were closed within a week of his request. As to the letters stating a £5,000 charge, the investigator said all Mr B's details, including bond numbers were correct. He didn't see a breach of data security and he said the £200 compensation was fair for the distress caused. Mr B disagreed with the investigator and requested an ombudsman review his complaint. He said Barclays made serious systematic errors in handling his bonds. He said this included release of the wrong bonds, release forms with no designated area to sign, Barclays staff online and in branch not knowing how to help, and then incorrect and distressing letters.

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.

Barclays incorrectly closed Mr B's larger bond and charged him a £900 early closure fee. Barclays corrected this and refunded the charge, but later sent Mr B a letter about a bond which isn't his saying he would need to pay a charge of £5,000.

I sympathise with Mr B for the distress and inconvenience he has suffered. I'm pleased that Barclays has acknowledged and apologised to Mr B for the errors it has made.

Mr B said Barclays release letters don't provide a place to sign. It is an internal matter for Barclays to arrange its letters and its systems for the release of bonds, but I hope it considers Mr B's point about the potential for confusion.

Barclays said its letter to Mr B with the incorrect early release charge had the sort code and account numbers for Mr B's bonds with no details of another customer so there was no data breach. The investigator agreed but Mr B described this as a massive breach of security, as the bond and bond number belong to someone else, who he said would be very upset.

I've looked at Mr B's bond statements and have seen that the sort code and account numbers are the same as within Barclays's letter containing the incorrect early release charge. And so I can't see that there has been any compromise of Mr B's data or privacy.

From what I have seen, Barclays has taken the corrective action to put Mr B back in the position he occupied before its errors and so consideration of this complaint concerns the amount of compensation that is fair and reasonable in all of the circumstances.

When we make awards of compensation we are not looking to fine or punish a business but to find an award that fairly and reasonably compensates the consumer for the wrong that has been done. This involves consideration of the duration and impact of the errors made.

I was sorry to see that Mr B felt incredibly let down by Barclays after 20 years of banking with them. Mr B said that in June 2024 Barclays caused him untold emotional damage '*which had a domino effect on many other aspects of my life*'. He said that seeing £85,000 land in his account against his instructions, negatively affected his wellbeing and mental health. Barclays apologised and has paid Mr B £500 compensation.

I can see that Mr B has spent a lot of time and effort trying to sort everything out, not least on Barclays chat option and the phone and in branch. And I can see that he did everything asked of him to put things right.

Mr B has described being very distressed at receiving the letter quoting a £5,000 charge and was concerned about data security. He described Barclays closure of his larger bond as 'a catastrophic failure.' This seems to be an overstatement for an error that was corrected the next day. When he reflected on the letters he received citing a £5,000 charge for early release, he described these as having no relation to his bonds. He said this was because such a penalty would only relate to a bond value of about £500,000. And so it looks as if this was an obvious error to Mr B.

Given that the only incorrect detail on the letters was the charge, which Barclays have acknowledged, and that the £5,000 cited in the letter was not taken from his account, I don't think there was a great impact from the error. Mr B would have been able to see the correct charge of £60 had been taken from his account. Barclays responded to Mr B's complaint eight days later confirming the mistake and apologising for what had happened.

I am sorry to learn that this problem has upset Mr B deeply. I agree that he has been caused a lot of frustration and inconvenience, but fortunately only over a short period of time. Overall Barclays paid Mr B £500 compensation and I agree with the investigator that this is a fair and reasonable reflection of the impact of Barclay's errors on Mr B.

An award of £500 falls within our guideline for where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Our guideline states that typically, the impact lasts over many weeks or months, but the award would also be fair if a mistake has a serious short-term impact. I think the compensation Barclays has paid Mr B is fair and reasonable in the circumstances of his complaint and is consistent with awards we have seen in similar circumstances.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 January 2025.

Andrew Fraser
Ombudsman