

The complaint

Miss P complains Barclays Bank UK PLC unfairly closed her account without reason. Miss P says this caused her significant distress and financial loss.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Miss P held accounts with Barclays and in February 2024 Barclays contacted Miss P regarding specific transactions on her accounts. Following a review of the information provided and the account information it already had access to Barclays made the decision to end its banking relationship with Miss P. It sent her a notice to close letter on 9 April 2024. This provided Miss P with two months' notice and explained Miss P had until 10 June 2024 to make alternative banking arrangements.

Miss P raised a formal complaint about the closure of her accounts. Miss P explained Barclays had failed to provide a clear reason for the closure and given her circumstances at the time the closure had a serious emotional and financial impact on Miss P. Barclays responded and explained it had acted in line with the terms and conditions of the accounts held. However, as part of its review Barclays did accept that some of its request for information from Miss P wasn't accurate. It also accepted that the service she received wasn't at the appropriate standard. Barclays paid Miss P £250 in recognition of the update this caused her.

Unhappy with the response received Miss P contacted our service. An Investigator reviewed Miss P's complaint. They didn't uphold Miss P's complaint and in summary, explained the following:

- It was reasonable for Barclays to carry out Know Your Customer (KYC) checks.
- The payment of £250 for service failings was fair.
- Barclays didn't have to provide a reason to Miss P for the closure as it had acted in line with the accounts terms and conditions.

Following the view issued by the Investigator there was correspondence with Barclays regarding Miss P's ISA. I can see Miss P has now received the funds and Barclays has paid interest on the funds between the date of closure of the account to the date Miss P received the funds.

Miss P remained unhappy with the overall complaint outcome and maintained Barclays had acted unfairly. The case has been referred to me – an ombudsman – for a 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.

Firstly, I'm very sorry to hear about the personal difficulties Miss P has experienced, and I appreciate this has been a challenging time for her. I've taken everything she's said into account and thought very carefully about the impact Barclays' actions would've had. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

KYC checks and account review

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 customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm. 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. And that is what happened here.

Barclays asked Miss P to provide information about how she was using her account and specific transactions because Barclays are obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities. Barclays is entitled and obliged to carry out such checks. This applies to both new and existing customers. The terms of Miss P's accounts also permit Barclays to review an account and ask a customer for information.

Having considered the basis for Barclays' review, I find the review was legitimate and carried out in line with its legal and regulatory obligations, so, I'm satisfied Barclays acted fairly by asking Miss P questions. Barclays had no obligation to tell Miss P the basis of its concern or forewarn her of its intention. So, I can't say Barclays has done anything wrong when it decided to review Miss P's account holdings.

Miss P co-operated with Barclays' account review and provided further information. As explained Barclays are obliged by the FCA to carry out ongoing checks to protect accounts from identify theft, fraud, and financial crime, which means the information received must allay any concerns or financial crime risks. In Miss P's case the information Miss P provided wasn't adequate to remove these concerns, so it took the decision to close Miss P's accounts. Given the circumstances I think Barclays acted fairly and in line with its regulatory duties.

Account closure

Upon reviewing Miss P's accounts Barclays issued her with a notice to close letter. I can see there was some miscommunication about the validity of this but from the information I can see from Barclays it had made the decision to end its banking relationship with Miss P.

I know Miss P feels Barclays has acted unfairly given the lack of information provided to her about the closures. Ultimately Miss P would like a detailed explanation as to why Barclays took these actions. But Barclays isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' 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. Having carefully considered this information, I'm satisfied Barclays acted appropriately and in keeping with its regulatory duties.

Miss P says Barclays' decision to close her accounts caused her significant distress and inconvenience. I do appreciate this matter would've caused her some difficulty, as Miss P appears to have used her Barclays account regularly. Barclays accepts there were service failings, in particular when it requested inaccurate information. Barclays paid Miss P £250 to recognise its shortcomings whilst reviewing her accounts. Miss P doesn't think this amount adequately reflects the impact Barclays' actions had.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In Miss P's case I've considered the timeline of events, and communication received by Miss P, and I'm satisfied the £250 compensation award recognises the stress and inconvenience caused.

Alongside the compensation awarded by Barclays I can see Barclays has agreed to apply interest on the funds held in Miss P's ISA. The funds hadn't been released to Miss P as she was unable to attend branch and understandably did not want to withdraw a significant amount of cash. I think Barclays' decision to carry out an online transfer given Miss P's personal circumstances was fair and applying interest to the date Miss P received the funds ensures Miss P isn't financial disadvantaged by this delay.

Barclays has also confirmed it hasn't recorded any adverse information about Miss P on her credit file, so I don't think it can be held responsible for any issues Miss P now has in relation to her credit score.

I know this will not be the outcome Miss P was hoping for, but I am satisfied Barclays acted reasonably in taking action to discharge its regulatory obligations. I know Miss P will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Barclays to take any further action to compensate Miss P.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 26 December 2024.

Chandni Green
Ombudsman