

The complaint

Mr A is unhappy Barclays Bank UK PLC (Barclays) blocked then closed his account without any reason or explanation and reported missed payments on his loan account to the credit reference agencies, which has affected his credit score.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here.

In brief summary, Mr A had a current account and loan account with Barclays. Mr A made his monthly loan repayments via direct debit from his current account.

In December 2023, Barclays reviewed Mr A's account to comply with its legal and regulatory obligations. Whilst it completed its review it removed Mr A's account balance and placed it in a sundry account. Due to there being no funds in Mr A's account, his January 2024, loan payment couldn't be taken.

Barclays completed its review on 15 January 2024 and put Mr A's money back into his account. Barclays then decided to close Mr A's account immediately and wrote to Mr A on 16 January 2024, to let him know that he could withdraw his account balance by visiting a branch with identification.

Mr A visited a branch to try and withdraw his money but wasn't able to take out any funds due to Barclays not finishing the necessary administration processes following its review. Barclays contacted Mr A on 19 January 2024 to let him know he could get his money back. But Mr A didn't pick up the phone. On 20 January 2024, Mr A called Barclays to find out why it had called him. During the call Barclays told Mr A that he could get his money.

Mr A explained that he was due to fly overseas and needed his funds. Barclays apologised and said that the branch was closed but he could go into a branch when it was next open. Mr A wasn't happy about this and said he was due to fly out of the UK later that night.

Mr A went overseas for a month. On his return to the UK Mr A withdrew his account balance on 21 February 2024. Following this, Mr A missed making his February, March and April 2024 loan repayments. Barclays sent Mr A letters about his missed payments and gave Mr A details of how to make the payments. Mr A said he'd make payments from another account that he had with a different bank. However, this didn't happen. So, Barclays recorded missed payments with credit reference agencies. (CRA's)

Mr A complained to Barclays. He said his holiday was ruined because he had no money due to Barclays not returning his money to him. He said Barclays never gave him the information he needed to continue paying his loan. And he wants to know why Barclays closed his account. Barclays said it hadn't done anything wrong. And had closed Mr A's account in line with the account terms and conditions. It also said it had reported accurate information to the CRA's.

Mr A remained unhappy and brought his complaint to our service. One of our investigators looked into Mr A's complaint but they didn't think Barclays had treated Mr A unfairly, so they didn't uphold his complaint.

Mr A disagreed. He said his holiday was ruined because of Barclays actions.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Barclays has treated Mr A fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Mr A's submissions.

I want to make it clear that I understand why what happened concerned Mr A. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account had been blocked. Especially as he was due to go on holiday and needed the money in his account to fund his trip. But as the investigator has already explained, Barclays has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I've considered the basis for Barclays's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Barclays acted fairly by blocking Mr A's account. The terms and conditions of Mr A's account also make provision for Barclays to review and suspend an account. And having looked at all the evidence, including the information that Barclays has shared with us in confidence, I'm satisfied that Barclays have acted in line with these when it suspended Mr A's account. So, although I understand not having access to his account caused Mr A trouble and upset it wouldn't be appropriate for me to award Mr A compensation since I don't believe Barclays acted inappropriately in taking the actions that it did when it blocked Mr A's account.

Mr A says Barclays took too long to release his account balance back to him and because of this he couldn't enjoy his holiday. I agree that the timing of Barclays's review was unfortunate. Mr A was just about to go on his holiday for a month. But whilst I have sympathy for Mr A it's not in my remit to tell Barclays what type of account review they should be conducting or when they should conduct account reviews. I've not seen any evidence that

Barclays caused any delays in completing its review. So, I can't say Barclays treated Mr A unfairly.

The result of the review was that Barclays decided they didn't want to provide banking services to Mr A anymore. Barclays wrote to Mr A in January 2024 that it had decided to close his account immediately.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Barclays have relied on the terms and conditions when closing Mr A's account. I've reviewed the terms, and they explain that Barclays can close an account for any reason by giving 60 days' notice. In certain circumstances, Barclays can also close the accounts without notice, which is what happened here.

For Barclays to act fairly here they needed to meet the criteria to apply their terms for immediate closure. Barclays has provided some further details of its decision-making process, which led to the closure of Mr A's account. I'm sorry but I can't share this information with Mr A due to its commercial sensitivity. But I've seen nothing to suggest Barclays's decision around closing Mr A's account was unfair. On balance when considering Barclays's wider regulatory responsibilities and all the information available to me, I find Barclays had a legitimate basis for closing Mr A's account immediately.

I understand of course that Mr A wants Barclays to explain the reason it closed his account. It can't be pleasant being told you are no longer wanted as a customer. But Barclays is under no obligation to provide Mr A with the reasons for its decision. So, I can't say it's done anything wrong by not giving Mr A this information. And it wouldn't be appropriate for me to require it do so now.

Missed payments and Mr A's credit file

Mr A took out a loan with Barclays in 2022. Up until his account was closed Mr A serviced his loan repayments from his current account each month via a direct debit.

Mr A says he has always maintained his loan repayments. From looking at Mr A's loan account statements I can see Mr A made his repayments up until his account was closed in January 2024. Mr A then missed his loan repayments for February, March and April 2024.

Mr A says Barclays didn't tell him how he could continue making his payments once his account was closed. He says this resulted in the missed repayments which has impacted his credit file. But I don't think Barclays closing Mr A's current count extinguished Mr A's responsibility to continue repaying his loan. There was no dispute about whether the money from the loan was owed. And I've seen nothing to suggest that Barclays had agreed to suspend or defer payments.

I accept that once Barclays cancelled any outgoing payments from Mr A's current account including the direct debit for the loan, it would be more inconvenient to arrange a new payment method. But I can see that the letter Barclays sent to Mr A about closing his account gave Mr A this information and told him he'd need to make alternative arrangements.

I can also see that on 9 January 2024, Barclays wrote to Mr A to let him know that his loan repayment hadn't been made. I've listened to phone calls between Mr A and Barclays in February 2024, and I'm satisfied that during these calls Barclays gave Mr A the details of how to continue making his loan repayments. During the calls Mr A also stated that he would arrange to make the payments from another of his bank accounts. I've not seen anything to suggest it would have been impossible, or onerous on Mr A to put his plan into action. However, the loan fell into arrears.

Once the loan got into arrears it's not unreasonable for Barclays to send communication to Mr A reminding him of the need to make repayments. I've reviewed the correspondence, and I'm satisfied these are clear in what payments are required, and what the likely effect on his credit file would be if payments weren't made.

The evidence shows that three payments to Mr A's loan weren't made on time. As such it's fair for Barclays to record this on his credit file – as per the terms of his loan. This is information that's an accurate reflection of how the account was operated. I've considered what Mr A has said, but I can't say Barclays have been unfair or unreasonable in how they've managed his loan account. So, I won't be asking Barclays to do anything more to resolve this aspect of Mr A's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 July 2025.

Sharon Kerrison
Ombudsman