

## **The complaint**

Mrs N complains Barclays Bank UK PLC ("Barclays") closed her account without explanation and used her benefit payments to repay her overdraft debt with it.

Mrs N says Barclays actions have caused her significant distress and inconvenience, particularly given her vulnerabilities and because she was left without use of vital funds for living costs.

## **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, Barclays decided to close Mrs N's account in February 2024 with two months' notice. Barclays sent Mrs N a letter notifying her about this. Mrs N's account was scheduled for closure, as per the notice, on 3 April 2024. On 19 April 2024, Barclays say it paid off Mrs N's overdraft of around £1,050 so it could close her account. Barclays say Mrs N continued to make payments on her account taking it back into overdraft.

Mrs N was paid benefits into this account including her Universal Credit payment on 25 April 2024. On 29 April 2024, Barclays closed Mrs N's account and used the funds in it to clear any remaining overdraft. Mrs N had called Barclays to let it know she was going to be paid the benefits.

Unhappy that her benefits had been used by Barclays to set-off her overdraft debt, Mrs N complained. Barclays didn't uphold Mrs N's complaint, and in summary, it made the following key points:

- Barclays closed the account correctly and in line with its terms and conditions.
- Mrs N's account was overdrawn around £1,050, which Barclays cleared on 19 April 2024 so that it could close her account with a zero balance. Following this Mrs N spent further funds, leading to the account going back into overdraft again when the benefits were paid in. These funds were used to return the account to zero again, which means Mrs N had already spent the benefit money by the time they were paid into the account.
- As Barclays had already cleared around £1,050 on Mrs N's account, it cannot pay the benefits back to her. Mrs N can collect the remaining funds of around £20.50.

Mrs N referred her complaint to this service. Our Investigator looked into Mrs N's complaint, and they recommended it wasn't upheld. In summary, the key findings they made were:

- Barclays closed the account fairly and it doesn't need to provide an explanation.
- Though Barclays were delayed in closing the account, Mrs N enjoyed the use of the funds in the account prior to closure. And Mrs N received sufficient notice of the

closure to redirect her benefits from her Barclays account. So, Barclays doesn't need to refund the benefit amounts to Mrs N.

Mrs N didn't agree with what our Investigator said. She has sent in substantive responses, but the key points she's made are:

- Barclays didn't follow the correct process when closing her account, nor did it close the account on the day it said it would.
- No explanation for the closure has been given to her.
- She offered to pay off and close the overdraft facility.
- Barclays gave Mrs N no opportunity to transfer her direct debits over.
- Barclays blocked Mrs N's access to her banking app, so she didn't know what her balance was. And she continued using her card until it stopped working two weeks later.
- Mrs N didn't know she was in overdraft.
- Barclays used Mrs N's benefit funds to correct its mistake and pay off the overdraft.
- Had the account been closed properly by Barclays, then the benefit payments should've bounced back to the payee.
- Barclays are legally obligated to return the funds to Mrs N.
- The statements show that after the benefits went in, no further payments came out of the account. So, they should be refunded to Mrs N.

As there was no agreement, this complaint has been passed to me to decide.

### **What I've decided – and why**

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 focussed 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. I do stress however that I've considered everything Mrs N and Barclays have said before reaching my decision.

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'd like to assure Mrs N that I do not undervalue in any way the difficult circumstances and vulnerabilities she has told this service about. So, I'll explain why I have reached the decision I have.

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 Barclays needs 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 Mrs N had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with

less notice.

Barclays gave Mrs N two months' notice with access to her funds. Barclays has provided an explanation and supporting evidence as to why it decided to close Mrs N's account. Having carefully considered this, I'm persuaded Barclays acted in line with the terms and conditions of the account.

I can understand why Mrs N wants a detailed explanation, but Barclays is 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 I consider should be kept confidential.

This brings me to the crux of Mrs N's complaint; that is, Barclays acted unfairly in using her benefit payments to repay her overdraft thus depriving of her essential money she depended on. It's true that Barclays kept Mrs N's account open longer than it said it would, but that was to Mrs N's benefit. I would add too that she was given two months' notice, and therefore had sufficient time to switch or move her banking provision to another provider. Something she didn't do.

However most importantly, I can see from the statements that Barclays cleared Mrs N's overdraft of £1,050 on 19 April 2024 from its own resources. And Mrs N continued to use the account creating a new overdraft balance. That means Barclays used the benefit payments to pay off the remaining debt Mrs N had created again after she knew the account was going to be closed, and that she would've had to repay. Mrs N ultimately benefited from Barclays paying of her original debt, and its worth noting that overdrafts are generally repayable on demand.

Given Barclays had already paid off over £1,000 from its own resources to affect the account closure, I'm persuaded, on balance, that it acted fairly and reasonably in the way it used Mrs N's funds from her benefits. So, she had already spent the benefit funds before they were paid. Mrs N says she couldn't check her balance as her access to the banking app was removed. But it's clear from the call notes I've been given, that she was able to call Barclays on its customer service line and discuss her account. And Mrs N knew the account was going to be closed.

As I don't think Barclays have done anything wrong, I see no basis to direct it to pay Mrs N any funds nor award any compensation for the distress and inconvenience she suffered.

### **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 Mrs N to accept or reject my decision before 28 April 2025.

Ketan Nagla  
**Ombudsman**