

The complaint

B complains that Barclays Bank UK PLC closed its client deposit accounts and admitted that it had done so in error.

What happened

B is a company which runs a care home. It held a number of client deposit accounts with Barclays.

In January 2022, as part of a know your customer (or KYC) exercise, the bank contacted B asking for information about its business and operations. Part of the purpose of that exercise was to establish that B was entitled to hold client funds in the deposit accounts.

Following reminders and having not received the information it had requested, Barclays wrote to B on 7 July 2022 to say that it would be closing the client deposit accounts on 5 September 2022. The accounts were closed in line with that letter and the funds held in them transferred to B's business account. B complained to the bank through one of its directors. The relationship manager indicated that the accounts had been closed in error.

When it reviewed the position, however, the bank concluded that there had been no error in closing the accounts. The relationship manager had wrongly suggested there had been and had given the impression the accounts would be reopened. The bank offered B £150 by way of compensation.

B did not accept the bank's offer and referred the case to this service. Barclays increased its settlement offer to £400, which our investigator thought was reasonable in the circumstances. B did not agree and asked that an ombudsman review the case.

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 am satisfied that Barclays was within its rights to ask for more information to ensure that the client accounts were appropriate for its business. Indeed, it may have been under a duty to do so. B has not suggested that it provided the information requested, and so I am satisfied the bank did not act unfairly in closing the accounts.

A bank should give reasonable notice before closing an account or accounts. What is reasonable depends on the circumstances, but I am satisfied that the notice period provided in this case was fair; it was also in line with the account terms.

However, and as Barclays has accepted, it made an error when it suggested the accounts should not have been closed. I accept that may have caused some confusion and a degree of inconvenience. I agree with the investigator, however, that the bank's offer of £400 by way of compensation is fair in the circumstances. It is also in line with our published guidelines.

I will however make a formal award, so that B can enforce it, should it need to do so.

My final decision

For these reasons, my final decision is that, to resolve B's complaint in full, Barclays Bank UK PLC should pay it £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 2 October 2025.

Mike Ingram
Ombudsman