

The complaint

Mr C complains Barclays Bank UK PLC blocked and closed his account. He says this caused him financial problems and impacted his health.

What happened

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

Mr C opened a current account with Barclays in 2021. Mr C used the account to receive his wages and student loan payments. Mr C also had a savings account.

In September 2024, Mr C received a payment of just over £4,500 into his current account. Following this Barclays decided to review Mr C's account. As part of its review Barclays blocked Mr C's account and asked him to provide information to show his entitlement to the money that had been paid into his account.

Mr C made trips to branch and provided paperwork to Barclays which set out that the money had been paid to him was his student loan. Barclays were happy with Mr C's explanation and released the money to Mr C. But it decided to close Mr C's account without notice.

Mr C complained. He said not having access to his account caused him a lot of financial problems. He said he had to borrow money from friends and relatives to get by. He also said he couldn't send money home to his family overseas and he developed a skin condition due to the stress of it all. And had to go to the trouble of opening a new bank account.

In response Barclays said it hadn't done anything wrong when it had reviewed Mr C's account. But it said it should have given Mr C more notice about closing his account. And that it shouldn't have closed his account immediately. To put things right Barclays offered Mr C £150 compensation for any trouble upset this had caused him.

Mr C remained unhappy and brought his complaint to our service. After he did so, Barclays reviewed everything again. Barclays said it had made a mistake closing Mr C's account and that it didn't have any concerns about the activity on his account. So, it decided to increase its offer of compensation to £700. Barclays also said it was happy to offer Mr C another bank account if he wanted to submit an application.

One of our investigators looked into Mr C's complaint and thought the £700 offer was fair. Mr C didn't. He wants more compensation. He said his health has suffered as a result of Barclays actions and the stress he was caused. He also said that he now owes people money because he had to borrow from family and friends.

Mr C asked for an ombudsman to review his complaint, so the matter has been passed 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 will clarify first that we are an independent dispute resolution service. That means that we do not work for either side. We are here to propose a resolution to the complaint which we find to be fair. We're not consumer champions, and we're not here to resolve the complaint solely to the satisfaction of the complaining party. We look at things impartially. Naturally, that will sometimes mean that we find more in favour of one side, and naturally that means that the other side may not get what they want. Sometimes, the complaining party is in the wrong and won't get what they want. That is part and parcel of using an independent dispute resolution service.

Turning to the case at hand, Barclays accept that they made an error and shouldn't have closed Mr C's account. Barclays has said that after reviewing everything again, it was happy with how Mr C was using his account. So, it shouldn't have closed his account at all. Having looked at all the evidence and circumstances of this complaint, I'm in agreement and don't think Barclays should have closed Mr C's account.

However, although I agree Barclays made a mistake closing Mr C's account, I don't think they treated him unfairly when they decided to review and block his account.

Banks and financial business in the UK, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. That sometimes means Barclays need to review, or in some cases go as far as blocking and closing customers' accounts.

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 C's account. The terms and conditions of Mr C's account also make provision for Barclays to review and suspend an account. And having looked at all the evidence, I'm satisfied that Barclays have acted in line with these when it suspended Mr C's account. So, although I understand not having access to his account caused Mr C trouble and upset it wouldn't be appropriate for me to award Mr C compensation since I don't believe Barclays acted inappropriately in taking the actions that it did when it blocked Mr C's account.

Whilst I don't think Barclays did anything wrong when it reviewed Mr C's account, I do think they got things wrong when they closed his account. Barclays has acknowledged their error and offered Mr C £700 compensation. Mr C says this isn't enough.

I do understand that Mr C was caused quite a bit of upset and inconvenience. He was left without an account and had to go to the trouble of opening another account. Banks are staffed by people, and people sometimes make mistakes. Of course, banks should take reasonable steps to avoid making mistakes, but it's unrealistic to expect mistakes will never be made. Having read Mr C's submissions about how Barclays closing his account impacted him, I don't doubt the error made by Barclays caused Mr C trouble and upset. So, I'm satisfied that compensation is appropriate for this.

I have carefully considered all of Mr C's submissions about how Barclays actions impacted him, including the effect Mr C says was caused by all this on his health and the time he had to spend arranging a new bank account. Barclays has offered Mr C a total of £700 compensation to acknowledge their error and to put right the impact it caused. That seems more than fair to put things right here.

I know Mr C is seeking more compensation. But when a business makes a mistake, we often tell them to pay compensation, to acknowledge their error and the impact it had. In terms of the amounts, it's worth keeping in mind that we're an informal dispute resolution service. We're not the regulator, and we're not here to issue fines or to punish businesses. Further, I'm only awarding compensation for Barclays closing Mr C's account – as above, I've found the review of Mr C's account to be fair.

In summary, I can see that Barclays' closing Mr C's account caused Mr C acute stress and inconvenience. So, taking into account the impact Barclays' error had on Mr C, along with the guidelines for compensation which I must be consistent with, I find that their offer of £700 compensation is fair to put that right. I find no fair or reasonable basis on which to award anything more.

My final decision

For the reasons I've explained, I find Barclays Bank UK PLC has already made an offer to pay £700 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Barclays Bank UK PLC should pay Mr C £700.

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

Sharon Kerrison
Ombudsman