

The complaint

Mr K complains that Barclays Bank UK PLC (trading as Barclaycard) unfairly closed his credit card account without providing a proper explanation.

To put things right Mr K wants Barclays to give him the reasons it closed his account and pay him compensation for the trouble and upset he was caused.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr K had a credit card account with Barclaycard.

In December 2023, Barclays wrote to Mr K, saying it had decided to close his account immediately. At the time the balance of the account was just over £2,500.

Mr K contacted Barclays to complain. He told Barclays that in October 2023, he'd been approved for a credit limit increase, so he didn't understand why Barclays had then decided to close his account. Mr K asked Barclays to explain why it no longer wanted him as a customer. In response, Barclays told Mr K that it had made a commercial decision to close his account. It apologised to Mr K for any trouble and upset it had caused him by closing his account. But said it had closed the account in line with the terms and conditions.

Unhappy with this response Mr K brought his complaint to our service. He said he felt pressured to clear his account balance, which meant he had to borrow money and rethink his finances. He said he was also worried about the impact of the closure on his credit score and his mental health suffered. So, he said Barclays should pay him £2,500 which is the amount he had to find to clear his balance, along with compensation for distress. Mr K also wants Barclays to provide him with a proper explanation why it closed his account and reinstate his account.

One of our investigators looked into what had happened. After looking at all the information and circumstances of Mr K's complaint, the investigator didn't think Barclays had treated Mr K unfairly when it had closed his account and didn't have to explain why it no longer wanted Mr K as a customer. So, they didn't uphold Mr K's complaint.

In summary they said:

- Barclays initially wrote to Mr K about the credit limit increase in September 2023 before it was implemented in October 2023. This all happened a month before his accounts were reviewed. So, Barclays hadn't acted unfairly by increasing his credit limit in October 2023.
- There wasn't any mention of repaying the balance immediately on the closure notice. The account terms explain that when an account is closed immediately, no more

borrowing will be granted. And that any balance owed would need to be repaid and would accrue interest – which is reasonable. Therefore, there wasn't any evidence that Barclays pressured Mr K into repaying the debt immediately – rather, this was his choice.

- Barclays didn't do anything wrong when it reported the account closed to credit reference agencies.
- The closure notice had some formatting issues. However, this didn't take away the meaning of the letter and despite the formatting, the letter was clear and easily understandable.

Mr K disagreed and raised some further points. He said Barclays didn't give him an opportunity he would have faced difficulties repaying his balance. And he received letters from Barclays which made him feel he had to clear his balance. which the investigator addressed.

The investigator looked at everything again but remained of the view that Mr K's complaint shouldn't be upheld. In summary they said Barclays didn't tell Mr K to pay his balance off immediately, and he could've phoned them for help if this was needed. Or, as per the account terms, he could've continued to make at least the minimum or partial repayments until the balance was paid off - albeit this would've resulted in him paying interest. But regardless of all of this, I'm satisfied that it's likely Mr K was able to comfortably repay his balance off as he had been doing for some time - so they weren't persuaded he wasn't able to when his account was closed.

Barclays agreed with the investigator's view. Mr K didn't. 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 K fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I can understand it would have been upsetting for Mr K to learn his credit card account was to be closed and no explanation given by Barclays why that was. While not trying to minimise the upset and frustration this no doubt caused Mr K, under Section 19 of the terms and conditions of Mr K's account, Barclays can close an account without providing a full explanation why.

That's because Barclays is entitled to close an account with Mr K just as he is entitled to close his account with Barclays. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually

say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. But before Barclays closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Barclays could close Mr K's account by giving him at least two months' notice. Barclays can also close an account 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 – and having looked at these terms and all the evidence that the bank has provided, including the information Barclays has provided to this service in confidence, I'm satisfied that Barclays did. And that it was entitled to close the account as it's already done. I've seen nothing to suggest Barclays's decision around closing Mr K's account was unfair. I'm also mindful that this is a credit card account, and it's the prerogative of the business whether they want to continue to lend money. So, I don't find Barclays treated Mr K unfairly when it closed his account.

I've considered the concern Mr K raised about his credit limit being increased shortly before his credit card was closed. I can understand why this would've felt confusing for him. But I can see that Barclays initially wrote to Mr K about the credit limit increase in September 2023 before it was implemented in October 2023. This all happened a month before his account was reviewed. So, although I can understand Mr K's confusion, I cannot say Barclays acted unfairly by increasing his credit limit in October 2023.

Mr K has also said he felt pressured to repay his account balance. He's told us that he had to borrow money to do this which caused him stress. And meant his financial situation was impacted. But Mr K hasn't specified a particular conversation he had with Barclays or that he received any communications where this was mentioned. The closure letter didn't state the balance had to be repaid immediately. The account terms explain that when an account is closed immediately, no more borrowing will be granted. And that any balance owed would need to be repaid and would accrue interest – which is reasonable. Therefore, there's no evidence that Barclays pressured Mr K into repaying the debt immediately – rather, it seems to me that this was his choice.

I will also add that when a customer is unable to repay a debt to a bank, we would expect them to consider this positively and sympathetically. Given the way the account terms are written, it seems possible that Mr K could've continued to make his repayments as normal, or a repayment plan could've been discussed if things were difficult. I can't see that Mr K reached out to Barclays to let them know he was struggling. So, I can't conclude that Barclays have treated Mr K unfairly here and I won't be asking Barclays to pay Mr K compensation.

Mr K also mentions the effect the closure of his credit card will have on his credit file. When an account is closed, our service would expect this to be reported as such to the credit reference agencies, as this is factually correct. I've not seen anything to suggest Barclays have reported anything negative about his accounts externally. I see that this is reasonable.

Finally, Mr K says that the closure notice had some formatting issues – having checked this, I agree. However, I don't think this takes away the meaning of the letter and despite the formatting, the letter was clear and easily understandable. So, I won't be asking Barclays to compensate Mr K for this.

In summary I realise Mr K will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I won't be telling Barclays to do anything more to resolve Mr K'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 K to accept or reject my decision before 17 April 2025.

Sharon Kerrison
Ombudsman