

The complaint

Mr A complains that Barclays Bank UK PLC withheld funds from him following the closure of his bank account.

What happened

Mr A had a current account with Barclays, but in September 2024 received a letter restricting his account explaining it needed some information in relation to credits entering his account. The credits were in relation to transfers from one of Mr A's bank accounts with another provider, into his Barclays account.

The information was provided and following the review Barclays sent a letter informing Mr A his accounts with Barclays would be closed. It explained Barclays regularly monitor accounts, to make sure it meets legal and regulatory requirements. As a result of a recent review and in line with the terms and conditions of the account, it had taken the decision to close the account.

It explained Mr A would need to provide proof of ownership to be able to access the funds in the account.

Mr A provided Barclays with payslips to evidence entitlement to the funds. Having not received access to his funds Mr A raised a complaint that his funds had been withheld, and he'd not been told how long it would be till he could access them. Barclays sent Mr A a letter explaining that following a discussion it considered the complaint had been resolved and closed.

Mr A let Barclays know he didn't consider the matter to have been resolved as he still didn't have access to his funds. He also brought a complaint to our service.

While the complaint was with our service, Barclays accepted evidence Mr A had provided to allow him to withdraw some of the funds that were in his account at the time of closure. Barclays allowed Mr A to withdraw £1,920 from the account, but Mr A was still without £1,452.33 of funds that were removed from his account before it was closed.

One of our investigators reviewed the complaint and issued their answer. They explained Barclays is entitled to close a customer's account and having reviewed the circumstances, considered there to have been no error when closing the account, nor was Barclays obliged to provide a reason.

The investigator explained that Barclays acknowledged and apologised for a delay in releasing the funds that it released. And the reason why only part of the funds was returned to Mr A was because the sending bank contacted Barclays for the funds to be returned. They considered Barclays to have followed their legal and regulatory duty when returning the funds. For these reasons they didn't uphold the complaint.

Mr A disagreed. He made it clear that his complaint was in regard to the held funds and that he was aware of Barclays terms and conditions in relation to the account closure. Mr A

explained this is the first time he was made aware that the funds were returned to source and wanted to know where they were returned to. He explained the source would be his own HSBC bank account which was closed. Mr A says Barclays should have told him this information sooner, and he didn't consider an apology from Barclays to be reasonable for the delay in releasing the funds that they did. Mr A has also highlighted that the amount Barclays returned to HSBC is less than the two amounts' Barclays were investigating.

Following Mr A's comments we've gathered further information. Barclays has confirmed it returned £550 back to the originating bank. It identified this had left a remaining balance of £902.33 and this can be returned back to Mr A. I understand Mr A has sent his bank details to Barclays directly, and will arrange for the return of these funds with Barclays.

As no agreement could be reached on the remainder of the complaint, it's 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'm aware I've summarised the events of the complaint and in less detail than the parties and I've done so using my own words. No courtesy 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 Mr A and Barclays has said before reaching my decision.

I would add too, that our rules allow us to receive evidence in confidence. We may treat evidence in confidence from banks for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some information Barclays has provided is information that we considered should be kept confidential.

I appreciate Mr A has said the focus of his complaint is not regarding the account closure, but for completeness I will address it.

Banks and financial institutions in the UK 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. This sometimes mean banks need to restrict, or in some cases go as far as close customers' account, and they may at times need to ask questions or for evidence regarding funds in an account.

Barclays froze the account to complete a review and asked Mr A for further information about two transactions that entered his account. Having reviewed the evidence Barclays has provided, including information that has been provided in confidence, I'm satisfied that Barclays were entitled to freeze the account and complete a review.

A bank is entitled to close an account just as a customer may close an account with a bank. But before a bank closes an account it must do so in a way which complies with the terms and conditions of the account and doesn't discriminate.

The terms and conditions of the account, which Barclays and Mr A had to comply with, say that it could close the account by giving at least two months' notice. And in certain

circumstances it can close an account immediately or with less notice.

Barclays closed Mr A's account immediately. Having looked at all the information given to me by Barclays, I'm satisfied it was entitled to close the account in the way that it did, and I'm satisfied it did so in line with the terms and condition of the account.

Following the closure of the account, Barclays requested Mr A provide proof of ownership of the funds remaining on the account. I'm satisfied Barclays hasn't done anything wrong in asking Mr A for evidence to show his entitlement to the funds.

Mr A also wants the funds that Barclays returned to his other bank back. Mr A has said his other bank is not providing any information relating to these funds. I've looked at the information provided as part of Barclays review. Having reviewed everything Barclays and Mr A has told our service, I'm satisfied Barclays acted fairly in returning £550 back to Mr A's other bank, and acted in accordance with its overriding legal and regulatory obligations when it did so. I appreciate Mr A would want to understand more about the reason Barclays returned these funds. But Barclays is not obliged to provide an explanation for its decision to Mr A, and it wouldn't be appropriate for me to compel it to do so.

Having reviewed the communication and time it took Barclays to release the funds back to Mr A, I think it caused some delays in releasing the initial £1,920 back to Mr A. Barclays has agreed to return the £902.33 and are arranging this directly with Mr A. I haven't been provided with any reason why the remaining £902.33 wasn't returned earlier. I do agree Barclays could've done things better here. Mr A has told us of the frustration of having his money taken and not returned, as well as the difficulty this has had on his finances. I'm sorry to hear of the frustration and difficulties that Mr A has faced.

But after considering what Mr A has said and the content of Barclays review, I don't find awarding Mr A compensation would be fair or appropriate. I understand Mr A would want to know the information I have weighed to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Disp 3.5.9 states:

"The ombudsman may:

- (1) exclude information that would otherwise be inadmissible in court or include evidence that would not be admissible in court;*
- (2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate"*

I know what I've decided will be disappointing to Mr A, but I am not recommending Barclays do anything further to compensate Mr A for withholding his funds, or the delay in returning them to him.

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 5 January 2026.

Simon Yates
Ombudsman