

## **The complaint**

Mrs K complains Barclays Bank UK PLC unfairly closed her accounts and withheld funds.

## **What happened**

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

Mrs K held multiple accounts with Barclays. On 26 February 2024 Barclays wrote to Mrs K to explain all her accounts would be closing with immediate effect. Barclays said if any of the accounts held funds, Mrs K would need to provide proof of entitlement to those funds.

Following this notification, Mrs K was able to withdraw wages in branch. Barclays asked for proof of entitlement for funds, and Mrs K provided information relating to an incoming payment. Barclays reviewed this and asked for further details and continued to review the accounts.

Mrs K raised a formal complaint about Barclays' handling her accounts and its decision to withhold some funds. In its final response letter dated 22 October 2024 Barclays explained the accounts were still being reviewed, and Mrs K could contact Barclays again shortly for more information.

Mrs K remained unhappy with Barclays's response and referred her complaint to this service. In her referral to this service Mrs K outlined the impact the immediate closure of her accounts had on her and the distress and inconvenience caused. Mrs K said the lack of access to funds also had a detrimental impact on her finances and her family.

In its referral to our service Barclays explained its reasons for reviewing and closing the accounts. It also explained that it had returned some funds to Mrs K but found that it had held onto the balance in her USD account for longer than it needed to. Barclays offered to pay 8% interest simple on the balance for the period Mrs K had been deprived of funds. The funds were released to Mrs K on 13 March 2025 – almost a year after they should've been returned.

An Investigator reviewed Mrs K's complaint. In summary, they made the following findings:

- Barclays was entitled to close the accounts, in line with the account terms and conditions.
- Barclays' regulatory duties mean it may need to review accounts, and it is entitled to withhold funds whilst it completes its checks.
- Whilst most funds were returned within a reasonable timeframe, Barclays delayed the return of the funds held in Mrs K's USD account. The offer it's made of interest on this amount is fair.

Mrs K didn't agree with the recommendation and felt she was due compensation for the experience she had. Mrs K said she had been denied access to savings without justification,

and Barclays' actions had an impact on their ability to manage finances and pay bills. Mrs K said the financial burden placed on her and her family was significant.

As no agreement could be reached, the complaint was referred to an ombudsman for a final decision.

### **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 appreciate Mrs K was disappointed by the Investigator's opinion. I'd like to reassure Mrs K that I've considered the whole file and what's she's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach – it simply reflects the information nature of our service, which is an alternative to the courts.

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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mrs K, but I'd like to reassure her that I have considered everything that she's told us.

I understand there was some confusion with the communication Mrs K received, as she was told her accounts were closed due to dormancy. Mrs K believed she had to go through a reclaim process to access funds. However, the accounts were closed and funds withheld in line with regulatory and legal duties. As a UK financial business, is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Barclays needs to restrict, or in some cases go as far as closing, customers' accounts.

Based on the evidence shared with this service in confidence, I am satisfied Barclays acted reasonably in closing Mrs K's accounts with immediate effect. I understand Mrs K feels Barclays has acted without reason – however it isn't under a duty to inform Mrs K of the specific reasons for its decision. Looking at the evidence shared, I'm persuaded Barclays had a regulatory duty to review and close Mrs K's account. The terms and conditions of Mrs K's account also allow Barclays to close the accounts immediately, in certain circumstances, and I am satisfied those requirements have been met.

Mrs K's accounts were closed with immediate effect and the balances within the account weren't immediately released. Essentially the accounts were blocked, and Barclays asked Mrs K for evidence to support the activity on the accounts. In particular it asked for details regarding the incoming credits and her entitlement to them. Mrs K provided information to assist with the review – this included an invoice for a large incoming credit. However, Barclays didn't consider this evidence to be sufficient to allay its concerns. Looking at the information Mrs K provided I think this was reasonable. The information didn't clearly establish the provision of services, and the details weren't specific enough to establish a clear proof of entitlement. I can't see that any further persuasive and clear evidence was provided to support Mrs K's comments around the account activity.

Barclays returned the balances to Mrs K on most of the accounts within a reasonable time frame. I say this as its internal notes show that it was carrying out the necessary checks before the funds were released. However, the funds within Mrs K's USD account were withheld for too long. In circumstances where a consumer has been deprived of access to funds our approach is to award 8% simple interest on the amount for the period a consumer has been deprived, less any deductible tax. Barclays has paid this amount to Mrs K and I think it is fair resolution to Mrs K's complaint.

Mrs K feels the compensation offered by Barclays is inadequate. I've thought carefully about her comments regarding the impact the account closure had on her and the family. I appreciate this was a challenging time. However, Barclays allowed Mrs K access to wages during the time it carried out a review, and its notes show Mrs K attended branch to access these. Unfortunately, an account closure will inevitably cause a level of inconvenience, and the account holder will have to spend time making alternative arrangements. As noted above, I consider Barclays' actions fair and appropriate in the circumstances, so I don't consider a compensation award reasonable. Barclays acted in line with the account terms and its offer of interest on the withheld funds in my view adequately recognises its shortcomings in withholding the account balance for a significant period of time. So although I understand Mrs K's disappointment with the closure, I consider Barclays' actions to be reasonable in the circumstances.

I know this will not be the outcome Mrs K was hoping for, and she will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Barclays to take any further action.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 17 July 2025.

Chandni Green  
**Ombudsman**