

The complaint

B a limited company complains Barclays Bank UK Plc closed its account without notice or explanation.

B is represented by a director – Mr B.

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.

B held a business account with Barclays. In August 2024 Barclays conducted a review of B's holdings. Barclays wrote to B about this, and its letter explained that blocks were applied to the account on 5 August 2024 so that an internal review could be carried out. As part of the review, £4,020 was withheld so that Barclays could conduct a proof of entitlement check. Mr B provided evidence regarding the incoming payment, which was reviewed by Barclays.

Following its review Barclays made the decision to close B's account with immediate effect. Barclays reviewed further evidence submitted by Mr B, and on 11 September it unblocked the account and confirmed the funds could be released. Mr B attended branch on 17 September 2024, and the funds were returned to him.

Barclays did accept that it should've provided B with notice of its decision to close the account, and it offered Mr B £375 in recognition of the impact the immediate closure had on B. Mr B remained unhappy and referred the complaint to this service.

In his referral to this service Mr B outlined the impact the immediate closure of the account had on B and the distress and inconvenience caused to him. In its referral to our service Barclays explained its reasons for reviewing and closing the account.

An Investigator reviewed B'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.
- Barclays accepts that the immediate closure wasn't appropriate, and it ought to have given B two months' notice.
- The complaint is brought by B, a limited company, so the impact on Mr B directly can't be considered.
- Barclays has offered B £375 for the impact the immediate closure of the account had. This offer seems fair and so Barclays do not need to take any further action.

Mr B didn't agree with the recommendation and felt the impact on B and him hadn't been fairly assessed. 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 Mr B was disappointed by the Investigator's opinion. I'd like to reassure Mr B that I've considered the whole file and what's he'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'll start by setting out some context for the review of B's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In B's case I'm satisfied Barclays was complying with these obligations when it reviewed B's account.

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 B fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

Barclays restricted B's account in August 2024. B's account terms and conditions also allow Barclays to block the account to ensure it's able to comply with its regulatory requirements. I understand Mr B's frustration with the block, and I don't doubt it would've had a detrimental impact on him and B. However, based on the information disclosed by Barclays I'm satisfied it acted fairly by blocking B's account and had no obligation to tell Mr B the basis of its concern or forewarn him of its intention to carry out such a review.

As part of its review Barclays contacted Mr B and asked for further information regarding its business activities and source of funds within the account. In particular Barclays asked about an incoming payment of £4,020. Mr B provided some details, but these weren't sufficient to remove the block. A key part of Mr B's complaint is that he provided information when requested and co-operated with the review. I can see Mr B engaged in the process and I don't dispute he was willing to provide details. However, it is for Barclays to determine the nature of the information and evidence it requires to ensure it is able to satisfy its legal and regulatory obligations.

Barclays' review of B's account led to its ultimate decision to close the account. Barclays is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Barclays should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination.

And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied Barclays' decision was made fairly.

The terms and conditions of B's account set out that Barclays can close the account immediately in certain circumstances. 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, I agree with Barclays' conclusion that an immediate closure was not necessary. Given the account activity, and the fact Mr B had provided further evidence, which satisfied Barclays that B was entitled to the incoming payment of £4,020, it would've been appropriate to provide B with two months' notice. This would've allowed Mr B to make alternative banking arrangements.

I've also considered the service Barclays provided to Mr B. Although I agree that the account block and closure were fair, I find the level of service provided fell below reasonable standards. Mr B was given conflicting details about the account review, and during calls it wasn't made clear his access to funds would only be possible once the necessary evidence was received. Mr B wasn't given a clear timeframe, and I think the process should've been handled more effectively by Barclays.

Barclays has offered B £375 for the impact of its shortcomings. Mr B doesn't consider this sufficient given the impact on B and himself. Firstly, I must highlight that as this is a complaint brought by B – a limited company, my focus is the impact the issues had on it, not on Mr B in a personal capacity. Further, reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses, and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the timeline of events and service issues, I think the compensation is reasonable and I don't find Barclays' actions warrant further compensation.

I'm sorry this isn't the outcome Mr B hoped for, and I know he will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Barclays to take any further action to compensate B.

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 B to accept or reject my decision before 11 December 2025.

Chandni Green
Ombudsman