DRN-5709785

The complaint

Mr M complains Barclays Bank UK PLC ("Barclays") closed his accounts unfairly without notification and withheld his funds from him. Mr M was unhappy he had to provide evidence of proof of entitlement to the funds, and ID documents to get his funds released.

What happened

Mr M had multiple accounts with Barclays and in February 2024 Barclays made the decision to close Mr M's accounts immediately. It explained that if Mr M had money in a closed account he'd need to provide proof that he was entitled to these funds, and explained the sort of information Mr M would need to provide.

Mr M made a complaint and Barclays looked into this and provided a response in March 2024. It explained that it deemed the closure of the account to be correct, and explained what would need to happen for Mr M provide proof of ownership to be able to recover the funds.

Mr M was working out of the country and was provided with an email address to be able to send his proof to. Mr M provided evidence, and when he was back in the UK went into branch on multiple occasions to attempt to get his funds released. A partial amount of his funds was released while Mr M was in the UK, but the rest was not released by the time Mr M was due to fly back out the country.

Unhappy with Barclays response to the complaint, and at the time still without access to funds in the account, Mr M brought the complaint to our service to investigate. As part of his complaint, he alleges that Barclays behaviour borders on presenting itself as a racist institution.

Shortly after Mr M's complaint to our service his funds were released and transferred to another of Mr M's accounts after he provided further identification documents.

Mr M has said that whilst he is working abroad his family relied on the account to pay household bills for his family home, insurance policies and other expenses. The situation left Mr M and his family worried, and Mr M has said he's had to borrow to be able to cover payments that needed to be made. He's also explained that he needed the funds for investments and that he would've used it to provide better care for his son who was unwell at the time.

Our investigator looked at the case and decided that whilst Barclays was entitled to close the account, it ought to have provided Mr M 62 days' notice. This would've allowed Mr M time to make alternative arrangement for the account, and bills due to be paid. He recommended Barclays pay £300 in compensation, and pay 8% simple interest for the period of time Mr M did not have access to his money.

Barclays accepted the investigator's recommendation, but Mr M disagreed. He was unhappy that the trauma, suffering and inconvenience him and his family had suffered was considered to be worth only £300. Mr M was also unhappy that the investigator didn't provide the information behind the reason for the account closure.

As Mr M has disagreed with the investigators outcome it's been passed to me for a decision. I then sent both parties my provisional decision in which I said I was planning on not upholding this complaint. For ease of reference, here is what I said:

<u>Provisional decision</u>

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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 some information Barclays has sent 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 M fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

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. They sometimes mean banks need to restrict, or in some cases go as far as closing customers' accounts, and they may, at times, need to ask questions or for evidence regarding funds in an account.

A bank is entitled to close an account just 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 M had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Barclays closed Mr M's account immediately. Having looked at 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 was done in line with the terms and conditions of the account, and therefore it didn't need to provide Mr M with prior notice to close the account.

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

Having reviewed the communication and time it took for Barclays to release the funds back to Mr M I think it caused some delays in releasing the funds to Mr M. Mr M has told us of the impact that not having the funds has had on him, and the inconvenience of providing the information and recovering the funds, given he was abroad.

But after considering what Mr M has said and the content of Barclays review, I don't find awarding Mr M compensation would be fair or appropriate. I understand Mr M 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.R states:
"The ombudsman may:

(1) exclude evidence that would otherwise be admissible in a 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"

Mr M has said that he'd been made to feel discriminated against. While I appreciate Mr M's perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr M has said and when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Barclays would have treated another customer with similar circumstances any differently than Mr M.

I know what I'm planning to decide will disappoint Mr M, but I am not recommending that he should be paid any compensation nor 8% simple interest for being deprived of his funds for longer than he should have.

The time for responses has now elapsed and Mr M has provided his response; I will now decide this complaint.

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.

As part of Mr M's response, he's provided a further letter from Barclays that he says, amongst other things, evidences an inconsistent approach taken in my provisional decision.

I've reviewed the new evidence provided by Mr M alongside the complaint. The letter sets out that Mr M has since made a complaint to Barclays after realising that he's been the victim of a scam. From reviewing the letter, it appears the payments that are considered to be payments to a scam, are from around the same period of time the restrictions and closure occurred on the account.

This scam complaint was upheld in part. Barclays explained:

"Due to our concerns, we had referred you to a branch and placed restrictions on your account. When you contacted us on 19 February to explain the emergency with your family in the UK and the need for access to the finances, an exception was made to remove the restrictions and override the request for you to attend a branch.

Despite the inconvenience it would have caused you, this should not have been done and if the blocks remained in place, we would have prevented further loss to the scam from 19 February."

Barclays explained it was sorry that Mr M had been scammed, and it offered redress for removing the blocks to the account, but this was the only mistake it found.

It's worth noting that I've only seen the final response letter to this complaint, and the scope of my outcome only considers the closure or Mr M's account, and the subsequent time it took to release Mr M's funds back to him. Mr M's complaint about being the victim of a scam is a separate complaint issue.

Barclays has said the mistake it made was unblocking the account, it hasn't made any reference to it considering it to be incorrect to close Mr M's account. I don't find this to be inconsistent with my findings that set out Barclays are entitled to restrict accounts, and were entitled to close the account.

I am sorry to hear about the situation Mr M found himself in both with falling victim to a scam and the impact on having his accounts closed had on him and his family. But nothing that's been provided changes my decision for the reasons I've explained, so for the reasons I've set out above I'm not going to ask Barclays to compensate Mr M for the closure, and subsequent impact.

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 M to accept or reject my decision before 20 August 2025.

Simon Yates
Ombudsman