

The complaint

Mr R complains Barclays Bank UK PLC unfairly restricted his account and then closed it without providing a clear explanation.

What happened

In early October 2024 Mr R received funds from Student Loan England. Barclays restricted the account when Mr R received these funds and carried out a review. As part of this review, it asked Mr R to provide proof of entitlement to these funds. Mr R submitted evidence on 8 October 2024.

Mr R raised a formal complaint about the restriction on his account on 8 October 2024, and in its final response letter issued on 9 October 2024, Barclays explained that it is able to block and review the account in line with the account terms and conditions. It also informed Mr R it would be closing his account with immediate effect.

Barclays completed its review of Mr R's account and released funds to Mr R, which he received on 4 November 2024.

Mr R referred his complaint to our service as he remained unhappy with how Barclays handled his account and treated him. Mr R says he provided clear information to Barclays, and he believes Barclays' actions were discriminatory, and he was treated poorly due to his nationality and name. Mr R also highlighted the block and closure of his account had a huge impact on his financial and personal circumstances.

An Investigator gathered the relevant evidence and in summary, made the followings findings:

- Barclays acted fairly in blocking the account as it has legal and regulatory obligations that it must adhere to.
- Barclays didn't cause any delays when reviewing the information provided by Mr R, but it did ask for information that Mr R couldn't reasonably provide.
- Barclays isn't obliged to give Mr R a specific reason for its decision to close the account.
- The evidence doesn't support Mr R's view that he was discriminated against.
- Mr R can contact Barclays directly if he wishes to accept the compensation offer it has made.

Mr R remained unhappy and maintained Barclays had acted unfairly by closing his account without proper notice or reasons. The case has been referred to me – 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 R was disappointed by the Investigator's opinion. I'd like to reassure Mr R 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.

I'll start by setting out some context for the review of Mr R's accounts. 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 Mr R's case I'm satisfied Barclays was complying with these obligations when it reviewed Mr R's account.

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 Mr R, but I'd like to reassure him that I have considered everything that he's told us.

Mr R's account terms and conditions also allow Barclays to block the accounts in specific circumstances. I understand Mr R's frustration with the block, and I don't doubt it would've had a detrimental impact on him, especially as he appears to have used the current account regularly. But I consider the block to be necessary to ensure Barclays was able to comply with its regulatory requirements.

Whilst the account was blocked, I can see Barclays asked Mr R for details of the student loan payment that had been received. I can see that Mr R provided his enrolment details for his course, and Barclays reviewed this and asked for further details. Blocking an account can have a serious impact on customers, so there is an expectation reviews are carried out promptly. In Mr R's case I think Barclays conducted a detailed review of his account and provided him with ample opportunity to provide information. I can see Mr R co-operated with the review and promptly provided responses to the queries. However, as outlined above, I can see Barclays asked for evidence from Mr R that he was unable to reasonably obtain as it required input from Student Loan England. Barclays accepts this request wasn't reasonable, and I agree that this caused Mr R additional distress at what was already a difficult time.

Barclays' review of Mr R's account led to its ultimate decision to close the account. I understand Mr R feels this decision was unfair, especially given his personal circumstances. Ultimately, 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 Mr R's account set out that the bank can close the accounts immediately. In this case Barclays blocked Mr R's account, so I consider this to be akin to an immediate closure. For Barclays to act fairly here they needed to meet the criteria to apply their terms for immediate closure. In my view, I consider the evidence Barclays held to be

sufficient for it to close Mr R's account with immediate effect. I understand this would've had an impact on Mr R, and he has explained his credit file was affected. Mr R hasn't provided specific details of this, but I consider Barclays' decision to block and close the account appropriate, and I don't think Barclays ought to compensate Mr R for the issues he now says he experienced as a result of its actions.

As part of our review of Mr R's complaint further evidence was requested regarding Mr R's enrolment at university and personal circumstances. I can see Mr R felt these questions weren't necessary and extended beyond our role in assessing his complaint fairly and reasonably. However, I must highlight that our service has an inquisitorial remit, and evidence may be requested beyond what a business or consumer has already provided based on our review of the circumstances of each individual case.

Mr R says he has been treated poorly by Barclays, and he thinks this is because of his nationality and background. While I can appreciate this Mr R'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 R has said 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). And after looking at all the evidence, I've not seen anything to suggest that Barclays treated Mr R unfairly.

While I appreciate how Barclays restricting and closing the account made Mr R feel, 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 R. Based on the information I've seen Barclays has based its decision on legal and regulatory factors. So, I can't say Barclays treated Mr R unfairly because of his nationality and background.

As noted above, Barclays has accepted there were some shortcomings in its handling of Mr R's account. Barclays has offered Mr R some compensation in recognition of these issues. Mr R is free to contact Barclays directly if he wishes to accept this offer.

I'm sorry this isn't the outcome Mr R 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 or compensate Mr R.

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 Mr R to accept or reject my decision before 11 December 2025.

Chandni Green
Ombudsman