

The complaint

Mr M and Mrs M complain that Barclays Bank PLC has for many years incorrectly held their funds in savings accounts which weren't, but should have been, held by Mr M and Mrs M in their capacity as trustees of a trust. Mr M says this has caused additional tax loss to Mrs M.

What happened

In a separate decision I have decided that our service cannot consider Mr M and Mrs M's complaint about accounts opened or closed or the transfer of funds before 2019 as this is out of time. And so, I have considered events from 2019 onwards.

Mr M said he told Barclays that accounts should be set up with them as trustees but Barclays didn't set them up as trust accounts. He and Mrs M complained to Barclays about the tax and potential care home liabilities this may cause them.

Barclays said applications to open savings accounts for Mr M and Mrs M were made in 2019, and in 2023 in branch, but the forms are no longer available. Barclays said it did not recommend the accounts to Mr M and Mrs M, only provided information.

Mr M and Mrs M weren't satisfied with Barclays' response and referred their complaint to our service. Our investigator didn't recommend the complaint be upheld. He said even if Mr M told Barclays to process their applications as trustees, he didn't think this caused a loss Barclays was liable for as the accounts were still holding trust funds.

The investigator said as trustees Mr M and Mrs M are responsible for the funds and ensuring any income is taxed at the correct rate. He said there was nothing to show Mrs M has been taxed incorrectly but if she has this is nothing to do with Barclays as it hasn't deducted any tax between 2019 to 2025. He said Mrs M may be able to claim back any overpaid tax.

The investigator said Mrs M's potential care home fees as a consequence of the funds not being within a trust are a speculative loss that we cannot address. He said even if Barclays had made an error in not following Mr M's instructions to open accounts as trustee accounts, he didn't think that this impacted the ultimate position that the funds are held in trust.

Mr M disagreed with the investigator and requested an ombudsman review the complaint. He said Barclays should provide information from when trust account opened, and what its Relationship Manager was doing.

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 have considered Mr M and Mrs M's complaint from 2019 as to whether or not Barclays carried out their instructions for the handling of trust funds correctly. This means I have not considered events from when the trust account opened and was subsequently closed although I have referred to these events.

From Barclays' records it appears that Mr M and Mrs M intended trust funds to be held within a trust account but the account was closed as dormant in 2017. Accounts were held in the joint names of Mr M and Mrs M on their personal records not as part of a trust. Other than the closure of their trust account that was unused in 2017, Barclays has only acted on Mr M and Mrs M's instructions as to the accounts. And since 2017 the funds have always been held outside of a trust account.

Mr M recalls complaining about this around 2017 and receiving a positive response from Barclays' Relationship Manager. There is no record of this and the issue is now out of time as a complaint (as mentioned above).

The investigator has correctly stated that the funds are managed by the trustees and not Barclays and the funds have never been deposited in the trust account. Instead, they've been transferred between a series of savings and bond accounts that would not have been available under the trust account.

Since Barclays only acted on Mr M and Mrs M's instructions in opening accounts and transferring funds it may be that Mr M transferred the funds to different accounts to earn a better rate of interest. The accounts were opened in branch and this would indicate a decision made by Mr M to arrange the transfer of the funds for this reason.

Mr M disagreed with the investigator when he said the trust funds never left the trust. There are two points here; there's nothing to show the funds were ever held in such an account. Secondly, the funds left an account which was nominally held by trustees but this does not affect their legal status. And so, although Mr M is concerned that accounts held in personal names might raise issues in the future, there's no change to the legal status of the funds, they are still trust funds.

I've looked at Barclays' communications to Mr M and Mrs M about their accounts. Barclays sent a Welcome Letter on 17 May 2019 about a Premier Flexible Bond 2 Year account and wrote in April 2021 to remind them of imminent maturity and that it would automatically be converted to a savings account when it matured unless instructed otherwise.

There have been numerous letters and statements for Mr M and Mrs M's bonds and savings accounts. And so, I think they ought reasonably to have been aware of the status and names on the accounts that they opened and that the funds weren't in the trust account. Mr M and Mrs M continued to reinvest the funds in a number of other accounts over the years since 2019.

Barclays has pointed out that since 30 April 2024, it changed its terms and conditions so that it no longer offers new personal trust accounts for customers. This means if they hadn't already done so, Mr M and Mrs M would have been unable to open any further accounts under the trust from this date.

It is worth noting that a trust account is not a tax wrapper equivalent to an ISA or a pension and so the funds that are subject to a trust remain as trust assets regardless of how they are held with Barclays. The trust never had funds deposited into it and no other account has been instructed by Mr M and Mrs M to be held in the trust.

In conclusion, I can see that Mr M wants Barclays to be held accountable for what has happened. But I haven't seen anything to show that Barclays has made a mistake or that there has been a loss caused to Mr M and Mrs M through Barclays' actions. And in any event, what has happened with the accounts is not Barclays' responsibility, because regardless of the status of the accounts the funds within are trust assets.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 17 February 2026.

Andrew Fraser
Ombudsman