

The complaint

Miss W complains that Barclays Bank UK PLC closed her account.

What happened

Miss W had an account with Barclays. In 2024, Barclays closed Miss W's account by mistake. Unhappy with this, Miss W complained to Barclays. Barclays upheld the complaint and offered to pay compensation. Miss W then referred the complaint to us.

Our investigator looked at all this. She recommended Barclays pay Miss W £1,500 to reflect the distress and inconvenience this caused, plus £10 to reflect the cancellation fee for a insurance policy that lapsed for non-payment. She asked Barclays to pay simple interest on the account balance for the period of the block. And she asked Barclays to write Miss W a letter explaining what had happened so she could show this to her insurance provider and other people she'd missed payments to.

Miss W doesn't agree. In particular, she wants Barclays to pay the cost of her replacement insurance policy going forwards, as she says her new policy costs more than her previous one.

As the matter cannot be resolve informally, the complaint has been passed to me to decide.

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.

Where I decide or a business agrees that a complaint should be upheld any compensation I award is intended to put the complainant as far as possible in the position they'd be in if things had happened as they should have. Our approach to awards to compensation for distress and inconvenience is set out on our website and I've also taken this into account when looking at Miss W's complaint.

Based on what I've seen, I agree Barclays shouldn't have closed Miss W's account. In summary, Barclays held incorrect information about Miss W's address – and decided to close the account. But when Miss W contacted Barclays to update her details, Barclays said it told her that they had up to date information and that she didn't need to worry. It then closed the account anyway. As such, the main issue I need to consider is what Barclays needs to do to put things right.

Miss W has explained the impact this all had on her. She says that around the time the account closed, she went on a holiday abroad. Miss W says she was left without access to funds during this holiday, and that for the first few days she was on her own before being joined by friends. Her friends were able to give her some support. After she returned to the UK she learned that her car insurance had been cancelled – she says she was charged a cancellation fee. This also meant that the other driver of the vehicle had been unknowingly driving without insurance. Miss W has also said she received a penalty notice for failing to

pay a road charge. She also missed a payment for vehicle tax, and was pursued by a debt collection agency.

When considering any award I need to consider whether Miss W took steps to avoid any losses that she could reasonably have avoided. I'd expect Miss W to take reasonable steps to mitigate the impact of Barclays's actions. That said, I have also taken into account what I know about Miss W's wider circumstances at the time. This includes her medical circumstances and caring responsibilities, which I consider mean that Barclays' actions may have had a heightened impact on her.

Thinking about all of this:

- I accept that Barclays shouldn't have closed Miss W's account, and based on what I've seen, it seems Barclays had a number of opportunities to sort things out, but didn't. I can't say that Miss W could have done more to resolve matters before the account closed.
- This means Miss W was on holiday without access to funds. Based on what she's said, at least for the first few days, she was alone. I accept that her hotel and excursions were prebooked. But I'm satisfied Barclays' actions would have caused Miss W substantial distress, upset and worry. It seriously disrupted her holiday.
- Barclays was able to reopen the accounts once Miss W returned to the UK. Her accounts were operating from 20 September, though I accept that Barclays needed to reorder her cards. All of this caused additional inconvenience which would have been avoided had things happened as they ought.

Barclays offered to pay compensation for what happened. Our investigator recommended Barclays increase this to £1,500. Thinking about the very serious impact Barclays' actions had on Miss W, I think this is fair.

Turning to the specific financial losses Miss W has mentioned:

- These additional losses were incurred after Miss W returned to the UK. So she was in a position to take reasonable steps to mitigate the impact – such as contacting the companies and agencies she owed money to explain the situation.
- I've considered the road charge Miss W has mentioned. Barclays said it took this into account when it offered to settle Miss W's complaint, and so this is included in the amount above. I'm not persuaded to award Miss W more in respect of this.
- I've thought about the vehicle tax. Based on what Miss W has sent us, it appears that the DVLA contacted her to give her a chance to make payments before it cancelled her tax. I appreciate Miss W felt that Barclays should be responsible for this. But I cannot hold Barclays responsible if Miss W didn't respond to DVLA, much as I sympathise with the position she found herself in.
- Similarly, it appears the insurer and its debt collector tried to contact Miss W regarding the cancelled car insurance policy. It appears the insurer would have sent Miss W a default notice saying it would cancel the insurance if she didn't update her payment details – and asking her to get in touch if she was in financial difficulties. I appreciate Miss W says she didn't receive these notices, but I cannot hold Barclays responsible for that.
- That said, I acknowledge that Miss W says she wouldn't have been able to sort things out before the insurance was cancelled. Miss W paid a cancellation fee of £10 – and Barclays has agreed to pay this amount back. The rest of what Miss W owed was the cost of the policy for the period it was in force. I'm not going to tell Barclays to pay Miss W that amount back as this represents the value of the insurance Miss W actually used.

- Miss W wants Barclays to contribute to the cost of the replacement insurance policy – she says the ongoing cost of her new policy is far greater than her original one. Based on what I've seen, however, I'm not persuaded this additional cost is because of what Barclays has done. Barclays has, however, sent Miss W a letter explaining that the problems she had making payments were because of the closure of her account. This letter should help explain things to her insurers.
- Finally, Miss W has suggested I should award £10,000 to reflect Barclays' "negligence" in dealing with all of this. She also suggests I award £1,800 to reflect the time she's spent dealing with things and a further £5,000 to reflect the loss of a holiday. But where I award compensation for trouble and upset or pain and suffering this isn't to punish the business but to reflect the impact of the business's actions. I'm satisfied that the £1,500 I've awarded fairly compensates Miss W for the significant impact she experienced.

Putting things right

Barclays should:

- Pay Miss W £1,500 to reflect the distress and inconvenience it caused.
- Pay £10 to reflect the cancellation fee for the insurance.
- Pay simple interest (the rate is 8% per annum) on Miss W's account balance from the 23 August 2024 to the date the funds were returned to her.

If HMRC requires Barclays to deduct tax from that interest it should send her a certificate setting out how that was calculated should she need one.

Barclays has also sent Miss W a letter explaining their error in closing the account.

My final decision

I uphold the complaint. Barclays Bank UK plc should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 10 February 2026.

Rebecca Hardman
Ombudsman