

The complaint

Ms C complains that Barclays Bank UK PLC unreasonably closed her bank account and required immediate repayment of an overdraft debt.

What happened

Ms C held a bank account with Barclays with an overdraft facility.

Throughout 2023 Ms C had a number of payments returned unpaid due to insufficient available funds. This happened on multiple occasions across many months.

In late 2023 Ms C engaged with Barclays and completed an income and expenditure assessment. The figures showed Ms C had a negative disposable income each month, and therefore couldn't sustainably repay the existing overdraft debt. Barclays agreed to place the account on an informal repayment arrangement with zero monthly payments due. Interest and charges were frozen during the plan. Barclays set out to Ms C that non-payment of the outstanding overdraft debt could lead to formal action, like negative information being reported to credit reference agencies (CRAs), and termination of her agreements.

In January 2024 Barclays wrote to Ms C and set out that as an affordable repayment plan couldn't be agreed, the account would be closed and a termination notice would follow.

By May 2024 the behaviours and management of the account hadn't changed, and further payments had been returned unpaid. By early June 2024, 150 days had passed and Barclays sent Ms C a termination notice that her account was going to be closed. This also included details about repayment of the outstanding overdraft debt. Ms C was requested to provide Barclays with income and expenditure details so it could obtain an updated position to reassess her ability to repay the outstanding overdraft balance.

On 4 July 2024 Barclays says it hadn't received income and expenditure details from Ms C. As such it started its termination process. Across the following weeks the account was closed, and ultimately the overdraft debt was passed to a third party to collect.

Ms C complained to Barclays about the account closure and repayment of the overdraft debt. She didn't consider Barclays had acted reasonably when taking the actions it did.

Barclays considered Ms C's complaint and didn't uphold it. In August 2024 it issued a final response letter in which it set out that it had acted reasonably when terminating the account and requesting repayment of the full overdraft balance. It went on to say it recognised some of the level of service Ms C had received fell short of reasonable expectations, and it paid Ms C £150 for the distress and inconvenience caused.

Unhappy with Barclays' response Ms C referred her complaint to our service.

One of our investigators reviewed the complaint and didn't uphold it. He ultimately concluded that Barclays had acted within the relevant terms and conditions when terminating the bank account and requiring immediate repayment of the overdraft debt. While he empathised with

Ms C's circumstances, he didn't find Barclays had acted unreasonably and therefore didn't recommend it needed to take any further action in resolution of the complaint.

Barclays didn't respond to our investigator's view; Ms C responded and disagreed. She provided further information and evidence in support of her position. In summary, she maintained her position that Barclays had acted unfairly by terminating her account and requiring immediate repayment of her overdraft agreement. She also said there were unanswered questions relating to Barclays not providing evidence, including online chats and details of income and expenditure requests, as well as questioning the level of her overdraft debt at the time it was passed to the third party debt collector.

As an agreement couldn't be reached 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.

The information in this case is well known to Ms C and Barclays, so I don't intend to repeat it in detail here. Both Ms C and Barclays have provided detailed submissions in support of the complaint. I'd like to assure both parties I've carefully reviewed everything available to me, and I acknowledge the questions Ms C says she wants answered. However, my decision doesn't cover all the points or touch on all the information that's been provided because I've focused on what I consider to be the key points in the details of this complaint. I don't mean to be discourteous to Ms C or Barclays by taking this approach, but this simply reflects the informal nature and remit of our service.

I acknowledge the level of detail and information Ms C has provided in support of her complaint, and that she's said she has a long relationship with Barclays and that it is aware of historic and recent changes to her personal circumstances. This includes problems she's encountered which have impacted her finances and financial position in the years leading up to the events she complains of here.

I don't doubt Ms C's strength of feeling in relation to these matters; but I would set out here that as an impartial party my decision here is based on our service's overarching principle of reaching an outcome that's fair and reasonable, while taking into account a number of criteria and instruments, such as relevant law, rules and regulations, and good industry practice.

I've set out my findings below under separate headings for ease.

Termination of the bank account

Across 2021, 2022 and 2023 there were instances of Ms C's balance going above the agreed overdraft limit. And across 2023 there would have been many further instances of the balance going above the agreed overdraft limit, were it not that multiple payments were returned unpaid due to insufficient funds. There are multiple instances of unpaid transactions across February, March, May, July, August, September and December 2023.

In late 2023 Ms C engaged with Barclays about her financial situation, and in December 2023 it agreed a repayment plan with a zero monthly payment. The informal plan was set at this zero level of repayment per month given the income and expenditure assessment showed Ms C had a negative monthly disposable income, and therefore no available funds to make payments to reduce the overdraft balance.

Barclays has set out that during the call, and I've seen the letter that followed in January 2024, this agreement would be in place for around 150 days. However, by having a zero value payment plan in place, the account would be terminated after this time, and Ms C would need to engage with it again at that time to provide an updated position so it could review what action, including further possible forbearance measures, would be appropriate.

I've reviewed the terms and conditions to understand in what circumstances Barclays can close a customer's bank account.

Section five titled '*Closing an account or service, or leaving Barclays*' states:

'When we can close an account or end a service

We can close an account (and stop providing any services and end this agreement) by giving you at least 90 days' notice. Any benefit or services linked to your account will stop at the same time.'

I've carefully considered Barclays actions against the terms and conditions of the account. Having done so, I'm satisfied Barclays followed the terms and conditions. I say this because Barclays:

- Informed Ms C in January 2024 that her payment plan wasn't sufficient to reduce her use and balance of the overdraft and that it would proceed to terminate her account and overdraft facility.
- Provided Ms C with a termination notice on 4 June 2024 which set out the full amount outstanding on the account was payable by 4 July 2024.
- Failure to adhere to the termination notice could lead to the debt being transferred to an agent to recover, with details of the status of the account being reported to credit reference agencies (CRAs).

I acknowledge that Ms C states she had looked to engage with Barclays through an online platform on 4 July 2024, to provide it with an updated income and expenditure assessment. Ms C has provided submissions setting out issues she experienced in accessing Barclays' services on 4 July 2024. The earliest screen shot appears to be timed at 4.45pm on the 4 July 2024 which states '*payment plans aren't available right now*'. The other screen shots Ms C has provided all appear to be timed after 7pm on 4 July 2024, one of which states that an online chat facility isn't available.

However, Barclays has provided records showing its interactions with Ms C in late June 2024 about a different matter, and on the evening of 4 July 2024 after 7.00pm about the termination of the agreements and the income and expenditure details. The agent on the chat wasn't able to assist Ms C with her request, and provided her with details of its financial support team. However, that department had closed at 7.00pm so Ms C was advised to contact it the following day.

Ms C's agreements were terminated on 4 July 2024, and the overdrawn account balance became immediately payable.

While Ms C has provided evidence which shows she did look to reach out to Barclays on 4 July 2024, I can't be persuaded that this in itself is enough to suggest Barclays shouldn't have terminated her agreements.

I say this because the termination notice was clear in setting out what would happen to the agreements. And having very carefully considered all of the details, I don't find it

unreasonable that by the time Ms C contacted Barclays to set out problems it was after 7pm on 4 July 2024, and therefore some of its departments were closed.

As such, while I acknowledge Ms C's information and evidence, I've seen no evidence which persuades me Barclays had received contact and the required information from Ms C by the deadline set out within the termination notice dated June 2024. Barclays has confirmed that it didn't receive Ms C's income and expenditure details in the days and weeks that followed either.

So, it therefore follows I don't consider Barclays acted unreasonably when terminating Ms C's bank account.

Termination and repayment of the overdraft facility

Given the overdraft agreement was a facility linked to Ms C's bank account, it follows that this was terminated at the same time of the bank account, and therefore became immediately repayable.

For completeness I've reviewed the terms and conditions relating to overdraft facilities to consider whether Barclays acted reasonably when terminating this agreement.

Again, these can be found under section five titled '*Closing an account or service, or leaving Barclays*' and state:

'Asking you to pay back your overdraft

If you have an arranged overdraft, we can end it at any time and for any reason. We'll give you at least 30 days' written notice and ask you to pay it back.'

When Barclays issued the termination notice on 4 June 2024 it set out that the overdraft agreement was being terminated with effect from 4 July 2024, and that the full amount outstanding on the account on that date was immediately repayable.

The termination notice also set out that if the balance isn't settled the debt may be transferred to a recovery unit or agent, and that details of the account would be reported to CRAs.

I consider Barclays provided Ms C with notice of termination of the overdraft facility within the terms and conditions of the agreement. And as I've already found, I don't consider Barclays action in terminating the account in July 2024 to have been unreasonable, it therefore follows my findings are the same for the overdraft facility.

Barclays set out that details of the account will be reported to CRAs; and from the evidence I have I don't consider its reporting of Ms C's account to CRAs to be unreasonable.

Has Barclays acted unfairly or unreasonably in any other way?

I've considered whether Barclays has acted unfairly or unreasonably in any other way. This consideration includes events up to the point Ms C complained to Barclays, and it had the opportunity to consider these and which it responded to within its final response issued in August 2024.

This includes Ms C's complaint about not having access to her income in the days that followed the closure of the account.

I've considered Barclays' actions in the days and weeks that followed the termination of Ms C's bank account.

As part of my consideration I've taken into account various instruments, as I've set out above. This includes Barclays' obligations the Consumer Duty, which Ms C has made reference to.

The Consumer Duty's overarching principle is to ensure firms act to deliver good outcomes for retail customer. This doesn't remove Barclay's obligations in following relevant law, rules or regulations; nor does it mean Barclays can't take steps or actions within the terms and conditions of an account where it's reasonable to do so. But it should act in good faith, avoid foreseeable harm, and enable customer to pursue their financial objectives.

I note that when Ms C made Barclays aware she needed access to her salary which had been paid into the account, that it arranged access to it at one of its branches.

Ms C has asked questions as to why she could access all but £200 of her salary. Ultimately, while this appears to have related to limits for transfers, I'm satisfied Ms C was able to access the majority of her salary, which enabled her to manage her finances in the weeks that followed.

Ms C has made reference to Barclays opening a temporary account following the closure of her bank account, without her permission. Given Ms C's personal circumstances and that she was a vulnerable consumer, I don't consider its actions in opening a temporary account to be unreasonable.

I say this because by taking this step Barclays was able to separate out the existing account and debt that was owed, and provide a new account which provided Ms C with the ability to access her salary while she made arrangements for other banking facilities. This is a step I'd reasonably expect a business to take, especially given its knowledge of Ms C's individual circumstances. I consider by taking this step Barclays was also reasonably mitigating foreseeable financial harm that could come about with the immediate withdrawal of Ms C's banking facilities.

I've seen Ms C went on to be provided with a basic bank account with Barclays, which allowed her to continue to access banking facilities, and maintain her arrangements and payments towards her family's day to day living costs and repayment of existing regular commitments. This also supported Ms C by maintaining her access to banking facilities, enabling her to pursue her financial objectives.

As such, while I acknowledge this would have been a distressing and inconvenience situation for Ms C, I'm not persuaded Barclays has acted unreasonably or not looked to deliver a good outcome for Ms C in the individual circumstances of the situation at play here.

So, taking all the above into account, I don't consider Barclays needs to take any further action on this point.

Ms C has raised concerns with varying outstanding balances she's said she's been sent by the third party debt collector. And in the information it has provided her under various requests.

Barclays has said it doesn't consent to our service considering these complaint points as they weren't raised within Ms C's initial complaint, and it therefore hasn't had its regulatory opportunity to consider the details and provide a response.

Barclays' final response is silent on these matters; Ms C says it failed to cover at least the point about the varying balances within the final response, even though it had been raised.

From the evidence available to me – which includes testimony and documentary evidence like contact notes and summaries of phone calls – I've not been persuaded that these concerns were raised with Barclays. As such if Ms C wishes to pursue these points she'll need to raise these issue directly with it and allow it to respond within its regulatory timescales.

Summary

I am sorry to hear of the circumstances that have contributed to the events which Ms C complains of here. I acknowledge Ms C's strength of feeling on the matters; I don't doubt the distress and inconvenience this situation will have caused. I would set out that in no way is my decision here intended to downplay these events or the impact of them on Ms C.

But my role here is to ultimately decide if, from an overarching point of view, Barclays' actions have been unfair or unreasonable. Given my findings above, I don't consider Barclays' actions to have been unfair or unreasonable in the individual circumstances.

So, it therefore follows I don't consider Barclays needs to take any further action in resolution of this complaint.

However, I would take this opportunity to remind Barclays of its obligations in treating Ms C fairly and sympathetically in its dealings with her, especially given its knowledge of her personal and financial situation.

My final decision

My final decision is that I don't uphold Ms C's complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 30 December 2025.

Richard Turner
Ombudsman