

complaint

R, a limited company, complains that Barclays Bank UK PLC unfairly closed its business accounts. R is represented by its directors, who I'll refer to as Mrs P and Mr P. Mrs P asks for an explanation for the account closure, an apology for the way they've been treated and interest on the overdraft debt to be waived. Mr and Mrs P would like reassurance that their personal credit files aren't affected and hard copy statements for R's account in May 2019.

background

In March 2019 R received a notice from Barclays about the closure of its business accounts. Mrs P and Mr P are upset that no reason was given, despite them being customers for some years. They also say that Barclays wouldn't allow them to repay R's overdraft. It continued to apply interest and fees and reported adverse information to the credit reference agencies.

Mr and Mrs P say customers paid money into R's business account after it was closed, which they can't now access.

Our investigator didn't recommend that the complaint should be upheld. He said Barclays was entitled to close the accounts by giving notice. The letters said that any debt had to be repaid. Our investigator said Barclays could have been clearer that any money paid into the business account after closure would be applied towards the outstanding debt, but it wasn't unreasonable for it to use the funds for this.

The investigator said it was fair that Barclays said it won't pursue Mrs P and Mr P for the overdraft debt, but it is required to report it to the credit reference agencies. Mrs P and Mr P can still repay the debt, if they want to.

R didn't agree. Mrs P says it's unfair that Barclays won't enter into a repayment plan for the debt. While they could settle the debt from their own funds they prefer to pay it from R's business income over a period of time.

my findings

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

the account closure

The terms and conditions of R's business accounts say Barclays can close the accounts by giving at least two months notice. It sent notice to R in March 2019 that the accounts would close on 13 May 2019. The notice said R should make other banking arrangements and repay any monies owed. It also said it should contact anyone making payments into the accounts and provide its new banking details.

As Barclays gave the required notice, I think it was entitled to close R's accounts. It didn't have to give a reason, although it has since said that it was concerned about the overdraft on the business account.

cancelling direct debits and other payments

Mrs P said it was unfair for Barclays to cancel direct debits, standing orders and their debit cards on 13 May 2019 without notice. But Barclays had given notice that the accounts would close on 13 May.

Mrs P says there was a delay in opening R's new account with another bank. Mrs P says they couldn't see the point in asking Barclays to keep R's business account open for a few more days, given its poor response to previous contacts. I appreciate that having direct debits cancelled was inconvenient. But Barclays had given notice of the account closure. I don't think it's reasonable to say it made an error when it didn't keep the account open a few more days so that direct debits could be switched to a new account, especially when it hadn't been told about the delays opening R's new account.

Once the business account closed, Mr and Mrs P no longer had access to it. I understand they're frustrated that payments still went into the account. I would note though that the closure notice said they should contact anyone making payments into the account with their new banking details. I don't think Barclays is responsible if this didn't happen.

The account closed with an overdraft which remains unpaid. In the circumstances, I don't think it's reasonable for me to require Barclays to pay any amounts it receives into the account to R.

I can see though that R's directors would need to check that customers have made a payment. Barclays provided statements to us which show payments into the account from April 2019. Mr and Mrs P should let us or Barclays know if they need a copy of this.

the overdraft debt

R had an overdraft which remained unpaid when its business account closed on 13 May 2019. Mr P contacted Barclays on 22 May 2019, after receiving a letter about the debt.

Mr P says Barclays told him he couldn't now repay the debt. Unfortunately, no recording of this call is available. However, Barclays considered its position and the following day it told Mr B it would discuss a plan to repay the debt within 12 months. If this wasn't possible, it would send a demand. If the debt remained unpaid it would be sent to bad debt write off. R would remain liable for the debt, but it wouldn't pursue it. Barclays confirmed this in writing. So if Mr P wasn't given correct information when he first called, this was provided the next day.

It seems R didn't have the means to repay the debt immediately. Mr P's proposal of £100 per month didn't meet Barclays requirement that the debt was repaid within 12 months.

Barclays sent a final demand at the end of May 2019. This said information would be reported to credit reference agencies. It also sent demands to Mr P and Mrs P for payment under their personal guarantees.

Mr and Mrs P say they want to settle the debt. If so, and they have the funds available, they should contact Barclays to make payment or agree a repayment plan. I should make it clear that it's for Barclays to consider fairly any payment proposal Mr and Mrs P put forward. I don't think it's reasonable to say that it must accept whatever Mr and Mrs P offer.

The closure notice said debts should be repaid before the accounts closed. Barclays said it will accept a proposal that repays the debt within 12 months: that was in May 2019. The debt remains unpaid and R remains liable for it. R hasn't put forward payment proposals that are satisfactory to Barclays. I don't think, in the circumstances, it's reasonable to require Barclays to waive interest and charges.

Barclays has said it will report information about the account to the credit reference agencies. I don't think this is unreasonable. It's said it won't record information about the account on Mr and Mrs P's credit file.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 5 April 2020.

Ruth Stevenson
ombudsman