

The complaint

Mr G complains Barclays Bank UK PLC (“Barclays”) restricted and later closed his account without notice nor explanation. He adds that Barclays also placed his account in a false overdrawn position and caused delay in returning his funds.

Mr G says Barclays’ actions have caused him substantive financial loss, distress, and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

Following an internal review, Barclays blocked Mr G’s account in early June 2023. Mr G only realised when he logged onto his online banking, and after a few attempts saw that his account was showing a false overdraft position of nearly £500,000.

This prompted Mr G to contact Barclays where he learnt it was carrying out a review and his access to the account and his funds had been blocked. Mr G had to travel abroad for urgent medical treatment a few days later.

Mr G was able to withdraw around £1,100 from branch which related to benefits he had received. Around 14 June 2023, Mr G’s account was reinstated, and his funds returned to the account. On 19 June 2023, Barclays wrote to Mr G and notified him that it had decided to close his account with immediate effect. Mr G was also informed that he could withdraw his funds by going into a Barclays branch with photo ID and proof of address.

Mr G says that he was still abroad at this time due to the medical treatment he required for a serious health issue. But as he desperately needed his money, he withheld his treatment and travelled to the UK at a substantive cost to himself. He says he also paid for alternative flights from the UK to the country he was having treatment in on the assumption he would have recovered his funds in time.

But Mr G says he was told Barclays required to carry out further checks when he was in branch and as a result, he couldn’t recover his funds until around a week later on 30 June 2023

Unhappy with Barclays’ actions, Mr G complained. Barclays didn’t uphold Mr G’s complaint. In summary, some of the key points it made were:

- As a regulated firm, Barclays is subject to certain regulatory obligations which can require it to withhold transactions or services, or at times block accounts
- The false overdrawn balance on Mr G’s account was not actual debt, this was a marker Barclays applied whilst the review took place
- Barclays is unable to provide any additional information regarding why it placed

safeguards on Mr G's account

- Barclays carefully considered its decision to close Mr G's account

Mr G referred his complaint to this service. One of our Investigator's then looked into Mr G's complaint. Barclays initially didn't provide them with enough information that it had acted fairly in blocking and closing Mr G's account. So our Investigator recommended the complaint be upheld, and Barclays pay Mr G £200 compensation and 8% simple interest on the account balance for the period he was denied access to his funds.

Mr G didn't agree with what our Investigator said. In short, he made the following key points:

- The compensation award of £200 doesn't even cover one fifth of the expenses Mr G incurred because of Barclays' misconduct
- 8% simple interest doesn't reimburse him for the money being blocked and Barclays had no legal right to withhold benefit funds for his daily needs

Barclays sent further information to this service to explain why it took the actions it did. Based on this, our Investigator sent a second opinion to both parties and said they were now not upholding the complaint. Their key findings were:

- Barclays acted in line with its obligations and terms of account when blocking and closing Mr G's account
- Barclays isn't obliged to give its customer prior notice or an explanation for restricting and closing an account
- Mr G had another external account, and he was able to return to the UK to get his funds released in branch
- As Barclays didn't do anything wrong, it doesn't need to do anything to compensate Mr G

Mr G didn't agree with what our Investigator said. As there is no agreement, this 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.

Having done so, I've decided not to uphold this complaint. I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr G and Barclays have said before reaching my decision.

Account restrictions and closure

Banks in the UK, like Barclays, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Barclays have provided information to show why it reviewed and restricted Mr G's account. Having carefully reviewed this, I'm satisfied it has acted in line with its obligations.

I note Barclays placed Mr G's account into a significant false overdrawn position. This would no doubt have caused Mr G anxiety. In instances like these, I'd be minded on awarding some compensation. But Mr G promptly spoke to Barclays about this, and it told him the overdraft was false and part of its review process. So I think the impact to Mr G was minimal here and not enough to warrant an award of compensation.

Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Barclays and Mr G had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice. Barclays closed Mr G's account with immediate effect. Having looked at the information given to me by Barclays, I'm satisfied it was entitled to close the account in the way that it has done.

I know Mr G says he is entitled to know why Barclays restricted and closed his account. But Barclays is under no obligation to do so. 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 we consider should be kept confidential.

Mr G is unhappy Barclays didn't notify him of its intention to restrict his account. But it is equally under no such obligation to do so. I'm also satisfied it's acted fairly and reasonably here given the concerns it held.

I note what Mr G has said about the Payment Service Regulations and the Unfair Contract Terms Act limiting the applicability of disclaimers of liability.

Banks are required to comply with a wide range of law and regulation, including the Prudential Regulation Authority (PRA) Rulebook, the Financial Conduct Authority (FCA) Handbook and various pieces of primary and secondary legislations. Most of these regulatory requirements apply to all UK banks including Barclays.

While these regulations are in place, the specific section which Barclays would have relied on when closing Mr G's account is set out in the terms and conditions of his account. Part of the legislations will be ensuring banks comply with the Terms and Conditions of their account, especially when monitoring ongoing business relationships. The specific terms Barclays relied on are in its account terms and condition under the header of 'when we can close an account or end a service'.

It's not in our remit to review banks' processes – we can only check they've followed their processes correctly and acted fairly. In the circumstances of your complaint, as I've explained above, I think it has.

I'd also add that when reaching my decision I must decide what I think is fair and reasonable in the circumstances of the complaint. In doing so, I have considered relevant laws and regulations; regulators' rules; guidance and standards; applicable codes of practice; and what I consider to be good industry practice at the relevant time.

Access to funds, funds release, and financial loss

Mr G says he should have been able to withdraw all the benefits in his account when it was restricted and not just the amount he was – about £1,100. In effect Barclays gave Mr G the most recent benefits that had been paid into his account. Having carefully considered this argument, I'm persuaded Barclays has acted fairly here. That's because of the reasons underpinning its review. And also because it would have been difficult for Barclays to know how much of any previous benefit payments made up his balance at the time given the spending that had occurred subsequently.

Mr G was abroad awaiting medical treatment when Barclays informed him that he could withdraw all his funds. Mr G says, and has shown, he travelled back to the UK whilst putting any treatment on hold. Mr G says he attempted to get his funds on 23 June 2023 but was told Barclays needed to run some internal checks first. He was then able to get his funds around a week later. Mr G says that he had presumptively booked flight within this timeframe to travel back for his treatment – so he lost out on these costs as well.

Mr G had travelled abroad knowing his account was restricted. And he made a conscious choice to return to the UK to get his funds when he could equally have completed his treatment. After all, Mr G flew abroad the first time without knowledge or any guarantee of when his funds would have been released. So I don't think Barclays have done anything wrong here – especially as it's acted fairly in blocking and closing the account in the way it has. So I won't be asking it to compensate Mr G for the financial loss he says he's suffered.

In reaching this finding, I'd like to assure Mr G that I don't undervalue in any way the difficult situation he was placed in and how this would likely have impacted on any health issues he already had. But as Barclays hasn't acted improperly, I find no basis to make an award of compensation.

For the same reasons I also don't make any award for the distress and inconvenience Barclays' actions understandably caused Mr G.

Barclays say it doesn't have any record Mr G attended one of its branches on 23 June 2023. I have no reason to not believe Mr G here, especially as Barclays also say it had to carry out further checks before releasing the funds to Mr G. Given the nature of these checks, even if there was this delay, I think Barclays has followed a fair and reasonable process here before returning the funds. So I don't make any award for Mr G being deprived of his funds longer than he ought to have.

My final decision

For the reasons above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 31 May 2024.

Ketan Nagla
Ombudsman