

The complaint

Mr H complains that Barclays Bank UK PLC unfairly closed his business bank accounts, withdrew his overdraft facility and issued a demand for repayment of his Bounce Back Loan (BBL).

What happened

Mr H, a sole trader, operated two businesses, which I'll refer to as D and G.

In May 2020, Mr H successfully applied to Barclays for two BBLs – one for £50,000 for D and the other for £45,000 for G. The funds were paid into D's and G's business bank accounts respectively.

BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

In June 2022, Barclays sent letters giving notice that the business bank accounts would be closed, and that the overdraft facility on D's account would be removed. G's account was closed in August 2022, though the bank was unable to close D's account as it had an overdrawn balance. In November 2022, Barclays issued a termination notice for the overdraft confirming the full overdrawn balance was payable.

In July and August 2022, Mr H successfully applied for repayment holidays for the G and D BBLs, to run until February 2023. The bank issued a formal demand for repayment of the D BBL in November 2022, but then recalled the demand. Later, in April 2023, Barclays issued another formal demand for repayment of the D BBL, because of missed loan repayments.

Mr H says he is now in debt which he can't repay, and his businesses have had to stop trading.

Our investigator looked at the available evidence and concluded that Barclays hadn't acted unfairly or unreasonably. In summary, she gave these reasons:

- A bank is entitled to close an account with a customer – just as a customer may close their account with a bank – but it must do so in a way which complies with the terms and conditions. Barclays gave Mr H two months' notice for both D's and G's bank accounts, which was in line with the account terms and conditions.
- The bank's letter of June 2022 stated that the account and 'all facilities' would be closed in August 2022. Barclays therefore made Mr H reasonably aware that both the account and overdraft would be terminated. Moreover, the terms and conditions of the overdraft say it was payable on demand. This means the bank was entitled to withdraw the overdraft and request repayment of the facility in full at its discretion.
- Mr H would like the bank to provide him with more information about the reasons for

its closure decision. But Barclays isn't required to share any further details than it already has.

- On reviewing D's account statement, the investigator noted that when the bank issued notice of the closure, the account held a credit balance. The account became overdrawn only at the end of the month, after Mr H made two large transactions to his personal accounts with Barclays. Given that Mr H was already aware that the overdraft would be withdrawn, the investigator thought he could have decided not to use the facility at this time
- Barclays' notes show that when Mr H contacted the bank in July 2022, he said the businesses had stopped trading, so he wouldn't be in a position to repay the balance of the overdraft.
- In the circumstances, the investigator didn't think it was unreasonable for the bank to issue a formal demand in November 2022 for the repayment of the outstanding overdrawn balance of the D bank account.
- Barclays issued a formal demand for repayment of the D BBL in April 2023 because of missed loan repayments. The investigator said that in her view, if the ongoing repayments aren't met, then it would be reasonable for the bank to issue a formal demand for the BBLs under the terms of the agreements. The earlier BBL demand, in November, was issued on the grounds that the business account was overdrawn, and the bank was entitled to do that under the terms of the BBL agreement. But in any event, the November demand was later withdrawn.

Mr H didn't agree with the investigator's conclusions. He made the following points, in summary:

- The notice to close his accounts, and not knowing exactly what was going on, contributed to his poor health and the loss of his businesses, which meant he couldn't pay his debts.
- The BBL terms and conditions required that the loans be paid from a business account. But Barclays had closed his business accounts, so even if he'd had the funds, he couldn't repay the BBLs.
- Barclays wouldn't give any information on the reasons for closure of the bank accounts and wouldn't discuss the matter with him.

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 that, I've reached the same conclusions as the investigator and for largely the same reasons.

I have little to add to the investigator's comments. Barclays was entitled to close Mr H's business bank accounts and gave him two months' notice in line with the account terms. I appreciate that Mr H would like to know why the bank chose to do this, but banks aren't obliged to give customers reasons for closing their accounts. So I can't reasonably require the bank to explain its reasons to Mr H.

Barclays was entitled to withdraw the overdraft facility at any time, but it gave Mr H two months' notice. The overdraft wasn't cleared, so I don't think it was unreasonable for the bank to issue a formal demand for repayment three months later.

The bank was also entitled to issue a formal demand for repayment of the D BBL in November 2022, because of the outstanding debt on D's bank account. That demand was then withdrawn and the BBL repayment holiday ran its course. The formal repayment demand issued in April 2023, following missed BBL repayments, was also issued in line with terms and conditions of the BBL, so I don't think the bank acted unfairly or unreasonably.

The BBL seems to have fallen into arrears because Mr H's businesses were no longer trading and Mr H was in debt. As the investigator pointed out, there were also other grounds on which Barclays could have issued a formal notice for repayment. I don't think there was any prospect that the D BBL would return to normal regular repayments. So I don't think the bank did anything wrong here.

I realise that Mr H will be disappointed by my decision. Throughout these events he has suffered business and personal difficulties. But in my view, for the reasons given above, the bank didn't act unfairly or unreasonably when it closed the D and G bank accounts, withdrew the overdraft facility and issued the final demands for the overdraft balance and the BBL.

My final decision

My final decision is that I don't require Barclays Bank UK PLC to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 October 2023.

Colin Brown
Ombudsman