

The complaint

Mr C complains Barclays Bank UK PLC ("Barclays") restricted and closed his accounts without explanation. He also complains it has failed to give him an explanation when it said it would.

What happened

In August 2022, Mr C says he tried to make a nominal payment on his debit card, but it was declined. He says he called Barclays and was told the account had been blocked and was under investigation.

The accounts were unblocked around five days later. In September 2022, Mr C was sent a letter of notification that his accounts with Barclays will be closed in 62 days' time. Mr C was told he could continue to bank with Barclays up until the exit date of 2 November 2022.

Mr C thinks Barclays took the actions it did because he used his account for transactions related to his business. He says he had to do this as his business was operating and he couldn't get a business account opening appointment with Barclays for around two months' time.

Mr C also says he was told he would get an explanation, but none was ever given by Barclays. Unhappy with Barclays' actions, Mr C complained. Barclays then sent Mr C its final response. Barclays didn't uphold Mr C's complaint, and in summary made the following key points:

- Barclays decided to close Mr C's accounts in August 2022 after an internal review. It's not possible for Barclays to give Mr C an explanation, but it had made the correct decision about closing his accounts
- The account was closed in line with the terms and conditions of the account

Mr C referred his complaint to this service. One of our Investigator's looked into it, and made the following findings:

- Banks are under numerous legal and legal regulatory obligations. Barclays acted fairly when closing his account and it can't share the reasons for this with Mr C. Barclays also restricted and closed the accounts in line with its terms and conditions
- Barclays should pay Mr C £50 compensation for the distress and inconvenience it caused by telling him it would give him an explanation

Barclays agreed with what our Investigator said. Mr C didn't. He says he didn't breach any rules or terms of the accounts - and he still hasn't been given an explanation.

As Mr C didn't agree, his 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 to uphold this complaint in part. I'll explain why.

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 explained, and given me evidence, to show why it restricted Mr C's accounts. Having carefully reviewed this information, I'm satisfied it acted in line with its obligations when it restricted Mr C's account. I appreciate this caused Mr C embarrassment and inconvenience as he couldn't make a debit card payment. But Barclays was acting in line with the legal and regulatory obligations it must follow.

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 C had to comply with, say that it could close the accounts by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Barclays, I'm satisfied it was entitled to close the accounts in the way that it has done. Barclays had written to Mr C to explain its actions on the 1 September 2022. I know Mr C would like an explanation as to why Barclays closed his accounts. But I'm not aware of any obligation under which it must. So I won't be directing it to do so.

Mr C says this matter has caused him embarrassment, trouble and upset. I do appreciate it would've caused him some difficulty – especially as he had to borrow money. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against Barclays for restricting and closing Mr C's accounts. That's because I don't think it failed to properly follow its own procedures when it closed Mr C's account, and importantly, did so in line with its obligations and terms of account.

Mr C says he was told by Barclays that it would give him an explanation when he first raised the matter with it. Mr C's testimony has been persuasive about this point. He's maintained throughout with Barclays, and when referring his complaint to this service, that he was told an explanation would be given. So I think its most likely this is what happened.

Given I'm looking at this error of poor communication in isolation, I'm persuaded £50 is fair compensation for any inconvenience and distress relying on it has caused Mr C.

My final decision

For the reasons above, I uphold this complaint in part. Barclays Bank UK PLC must now pay Mr C £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 December 2023.

Ketan Nagla
Ombudsman