

The complaint

Mr and Mrs G have complained that Barclays Bank UK PLC (“Barclays”) closed their account after they’d updated their address to a UK address.

What happened

Barclays wrote to Mr and Mrs G on 10 October 2022 to say that it was applying limitations on accounts registered to addresses outside of the UK. It said that as the address registered for Mr and Mrs G’s account was a non-UK address, it had taken the decision to close their account. The letter explained that if Mr and Mrs G were unable to provide a UK address, then it would close their account in May 2023.

Following receipt of the notification, Mr and Mrs G checked with Barclays to see if changing their address to a UK based address would avoid their account being closed, and they were told it would. However, after Mr and Mrs G updated their address to a UK address, Mr and Mrs G later found out in May 2023 that their account had been closed anyway.

Unhappy with this, Mr and Mrs G raised a complaint with Barclays. Barclays issued a final response letter on 25 August 2023 and apologised that they were incorrectly advised that updating their address to a UK address would prevent the account from being closed. Barclays paid £350 compensation to apologise for the incorrect information; for not returning Mr G’s calls; and for saying that Mrs G did not need to provide ID. Barclays also paid £100 towards Mr and Mrs G’s call costs. However, Barclays said that it was unable to reimburse Mr and Mrs G’s flight costs as the process to transfer the balance of the closed account could’ve been completed online or by post. Barclays also said that it does not pay compensation for inflation and says the transfer of the balance of the closed account includes any interest earned.

After Mr and Mrs G referred their complaint to this service, Barclays agreed to pay a further £150 compensation, which if paid to them, would bring the total amount of redress paid to £600.

One of our investigators assessed the complaint and they thought that the additional £150 compensation offered by Barclays was fair.

Mr and Mrs G disagreed with the investigator’s assessment, so the matter was referred for an ombudsman’s decision.

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 reviewed everything, I think that Barclays’ increased offer of compensation is fair and reasonable.

I can see that Mr and Mrs G had a UK bank account with Barclays for a number of years. I also recognise that due to them living outside of the UK, making alternative banking arrangements in the UK may be difficult. So, in the circumstances, I can appreciate why Mr and Mrs G are unhappy with Barclays’ decision to close their account.

In terms of its decision to close the account, I should explain that banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessments for deciding whether to continue providing accounts. Providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

In this case, Barclays has explained that following the UK leaving the EU, it reviewed the services it offered to customers outside of the UK. This resulted in a letter being sent to Mr and Mrs G to inform them that, unless they were UK residents and could provide a UK address, their account would be closed.

As it was a policy decision by Barclays to limit certain services provided to customers living outside of the UK, I cannot say Barclays did anything wrong or treated Mr and Mrs G unfairly in deciding to close their account.

I have looked at the closure letters sent, and these provided details of the timing of the closure and the need to take action. Based on the letters that were sent, I think that Barclays provided Mr and Mrs G with reasonable notice of the closure of their account, to enable them to take action to make alternative banking arrangements.

However, after Mr and Mrs G received this letter, they asked Barclays if changing their address to a UK address would prevent their account from being closed. Unfortunately, they were told that it would – when that was not the case and their accounts were closed in May 2023. This was clearly very frustrating for Mr and Mrs G and has clearly caused them distress and inconvenience. For example, I can see that Mr and Mrs G had to call Barclays a number of times to discuss their account, and despite being promised a call back a number of times, Barclays didn't call them back. So, it's clear that things went wrong. So, all that is left for me to consider is whether what Barclays has offered to do to put things right is fair.

Mr and Mrs G are not satisfied with the amount of compensation that Barclays has agreed to pay them. They say the amount should be higher. Based on the information that Barclays has provided, the total amount of redress due to Mr and Mrs G is £600 – comprising of the £350 compensation already paid to them, the further £150 compensation that Barclays has offered to pay them for the distress and inconvenience caused, plus the £100 already paid to them to cover the costs of their telephone calls.

In particular, Mr and Mrs G have asked that their costs to fly to the UK be reimbursed and also that their loss of earnings whilst they were in the UK also be considered. They have also asked that interest is paid on the balance of the account to reflect the effects of inflation.

In terms of their costs to fly to the UK and loss of earnings during that time, although I understand why they did this, I do think that matters could've been resolved without them needing to fly to the UK. After all, they could've transferred funds out of their account to another account without needing to visit the UK. And even once the account had been closed, they could've raised a complaint and arranged for the balance of the closed account to be paid to another account, without needing to visit the UK too. So, I don't think it would be appropriate in the circumstances to require Barclays to reimburse them for this.

In terms of awarding interest, I don't think that an award should be made to reflect inflation. I say this because the money in their account would've reduced in value by the rate of inflation at the time, whether it was held in their Barclays account or held in another account.

I have considered whether compensatory interest should be awarded on the balance of their accounts for the period of time that they didn't have access to their money i.e. between when the account was closed and when the funds were transferred to them. But I don't think that is warranted in the circumstances of this complaint. I say this because, after Mr and Mrs G had changed their address to a UK address - following the incorrect information from Barclays - Barclays wrote again to Mr G (at the UK address) on 10 April 2023. In that letter, Barclays explained that the account was still due to close on 4 May 2023. The letter explained that Mr G should still get in contact with Barclays about his account being closed, even if he had recently changed his address.

So, I think Barclays did what it needed to do, to warn Mr G that the account was still due to close, after Mr and Mrs G had been incorrectly told that changing their address would stop the closure. Because of this, I don't think it'd be appropriate that Barclays pay Mr and Mrs G interest on the balance of their account, whilst they went through the closed account balance reclaims process. This is because Barclays had provided Mr and Mrs G with a reasonable opportunity to avoid that process and transfer their funds out of the account, before it was due to close.

So having considered everything, although it's clear that things didn't go as they should've, I do think that the proposed total redress of £600 that Barclays has offered, fairly reflects the impact this matter has had on Mr and Mrs G.

Putting things right

To put matters right, I require Barclays Bank UK PLC to pay Mr and Mrs G £150 compensation, for the distress and inconvenience caused to them by this matter.

My final decision

Because of the reasons given above, I uphold this complaint and require Barclays Bank UK PLC to do what I have outlined above, to put matters right, in full and final settlement of this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 3 April 2024.

Thomas White
Ombudsman