

The complaint

Mr R has complained that Barclays Bank UK PLC ("Barclays") closed his bank accounts.

What happened

On 10 September 2022 Barclays suspended Mr R's current account. Following this, Mr R called Barclays a number of times to find out what had happened to his account. Mr R also attended a Barclays branch to try and get matters resolved. Mr R says he was given conflicting information about what would happen with the block that had been applied to his account.

Barclays received a request from an overseas bank to return money that had been transferred into Mr R's account. Following this, £8,661.56 was returned to an overseas account on 23 September 2022.

On 11 October 2022, Barclays wrote to Mr R to say that it had decided to close his bank accounts.

After Mr R had complained to Barclays, it issued a final response letter on 4 January 2023 - although it only addressed the issue regarding the money that was returned back to the overseas bank.

In summary, Barclays said that after Mr R's account was reviewed, it removed £8,661.56 from Mr R's account and returned to the remitting bank, via CHAPS, an equivalent amount in USD. Barclays provided the reference number for the transfer and said that if Mr R believes there has been error, he should contact the sender of the funds for further information regarding why it had been done. Barclays also said that it was unable to evidence that a call back had been promised and therefore did not uphold the complaint.

Mr R says that being denied access to his funds meant that he had to extend an existing bridging loan, at a higher interest rate; engage third parties to source alternative funding; and enter into borrowing arrangements that incurred interest at a rate of 25% - 30%. Mr R says that Barclays' decision to close his account has caused him reputational damage and has also adversely affected his credit score. Mr R estimates that the impact of Barclays' decision to close his account amounts to between £2 and £4 million.

Unhappy with how Barclays had handled matters, Mr R referred his complaint to this service. One of our investigators assessed the complaint, and they didn't uphold the complaint. As Mr R did not agree with the investigator's findings, the matter was referred for an ombudsman's decision.

I understand that Mr R has also complained that he has been pursued to make repayments on an outstanding loan that he also had with Barclays. Mr R says that he was unable to make the loan repayments as his Barclays accounts (that he'd been repaying the loan from) had been blocked and then closed. However, as explained by the investigator, that complaint will need to be looked into separately to this complaint. As such that matter won't be addressed within this 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 am unable to uphold this complaint and I have explained why below.

Firstly, in terms of Barclays' decision to close Mr R's accounts, I should explain that financial businesses 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 assessment for deciding whether to continue providing accounts and 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.

So, from the outset, I would like to make it clear that Barclays is able to choose to end its business relationship with a customer. However, when doing so it must do so fairly, in line with law and regulations and in keeping with the terms and conditions of the account.

As Mr R is aware, Barclays says it has relied on its terms and conditions when closing his accounts. Having looked at the relevant terms and conditions, they say:

"When we can close an account or end a service

We can close an account (and stop providing any services and end this agreement) by giving you at least two months' notice. Any benefit or services linked to your account will stop at the same time.

...

We may also end this agreement immediately or on less notice (and stop providing services and close your account) if we reasonably believe you have seriously or persistently broken any terms of the agreement. We can also do this if we have reasonable grounds for thinking you have done any of the following things, all of which this agreement prohibits.

- *You put us in a position where we might break a law, regulation, code or other duty that applies to us if we maintain your account, or keeping your account open exposes us to action or censure from any government, regulator, or law enforcement agency.*
- *You give us any false information.*
- *You commit (or attempt) fraud against us or someone else*
- *You use or try to use your account illegally or for criminal activity, including receiving proceeds of crime into your account – or you let someone else do this.*
- *You behave in a threatening or abusive manner to our staff.*
- *You become bankrupt (unless you have a Barclays Basic Current Account)."*

In this case, Barclays chose to close Mr R's account immediately, rather than provide him with 60 days' notice. However, Barclays still needs to provide information to this service so we can fairly decide a complaint. And Barclays has provided information about why it no longer wanted Mr R as a customer and closed his accounts. Having reviewed that information, I think that it was fair and reasonable that it chose to end the relationship with immediate effect, given the circumstances.

I recognise that it is frustrating for Mr R to not know the specific reasons why Barclays decided to close his account, especially as he says that it had a considerable impact on him

and he wasn't given an opportunity to "*defend myself against such an accusation*". But Barclays is not obliged to disclose to its customers why it has taken the decision to close an account - as much as Mr R would like to know. So, I can't say Barclays has done anything wrong by not giving Mr R detailed information surrounding its decision to close his accounts. And, in the circumstances, it wouldn't be appropriate for me to require it do so.

So having reviewed everything that Barclays has provided, I am satisfied that Barclays has acted within the terms and conditions of the account. I am also satisfied that Barclays has acted fairly and reasonably in the circumstances.

I recognise that Mr R says this matter has had a considerable impact on him – both financially and reputationally. I'm sorry to hear about that. But I could only award Mr R compensation if I thought that Barclays was at fault or had acted unfairly or unreasonably. But, as I think Barclays decision to close Mr R's account immediately was fair and reasonable in the circumstances, I don't think it would be appropriate to say that Barclays should pay Mr R compensation for the ongoing impact its decision to close his accounts had on him.

Finally, I note that following the review of Mr R's account, some money that had been paid into Mr R's account from an overseas bank was returned to the sending bank. Having looked through the evidence that Barclays has provided, it seems that this was sent back under the correct process and I think it was fair that Barclays did this. Barclays provided Mr R with the details about the returned money in its final response letter. Again, I think this was reasonable as it enabled Mr R to take matters up with the overseas bank, should he wish to do so.

So, in summary, whilst I recognise that this matter may've had a detrimental impact on Mr R, at the same time I'm satisfied that Barclays' decision to close Mr R's accounts and return some money back to a sending bank was fair and reasonable.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 June 2024.

Thomas White
Ombudsman