

The complaint

Mr J complains that Barclays Bank UK PLC closed his account and took too long to return his funds.

What happened

Mr J had four accounts with Barclays. In September 2022, Barclays wrote to Mr J to say it had decided to close these accounts with immediate effect. It said that Mr J would need to attend his local branch with photo ID and proof of address before it could release the funds. Mr J did this – but was told that he couldn't access the funds at that time. Barclays said that it then gave approval to release the funds on 23 September 2022 – but that because of a mistake it paid these funds to an incorrect account. Barclays says it located these funds on 27 October 2022 – and Mr J was able to access the account the next day.

Barclays now says it should have given Mr J more notice of the closure and took too long to release the funds. Barclays has offered to pay Mr J £400 to reflect the trouble and upset it caused. Barclays has also offered to pay simple interest at a rate of 8% a year on the outstanding balance of £111,786.10 from 23 September 2022 until Mr J got the funds back on 27 October 2022.

Our investigator looked at what had happened – and concluded that Barclays's offer was fair.

Mr J didn't agree. He says he spent a lot of time dealing with things, and that it was also extremely stressful. He says he lost out on a mortgage application that had been agreed and a product fee paid. He also believes that it affected his work. He thinks £30,000 would better reflect the impact Barclays's actions had on him.

As the investigator couldn't resolve things informally, the complaint has been referred 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.

The terms and conditions that applied to Mr J's account said that Barclays could close an account by giving him at least two months' notice. In some circumstances it could close the account immediately. In this case, Barclays closed the account immediately.

We've asked Barclays about this. Barclays says that although it would still have closed the accounts, it should have given Mr J more notice. I appreciate that Mr J would like to know more. But where Barclays closes accounts, it doesn't need to give reasons – just as Mr J wouldn't have needed to give reasons if he'd wanted to bank somewhere else. Nor would it be appropriate for me to tell Barclays to give Mr J its reasons. But looking at everything, I accept that Barclays could have closed the accounts had it given the correct notice.

It took some time before Mr J was able to withdraw the funds. Barclays accepts this was an error – and that Mr J should have been given access to the funds sooner. Barclays says it should have been able to release the funds to Mr J on 23 September 2022, but that because of an error, the funds weren't located and released until 27 October 2022.

I've therefore considered what would most likely have happened if things had happened as they should have. Based on everything I've seen, I'm satisfied that Barclays would still ultimately have closed the account – even if it should have given Mr J more notice. So while I don't doubt that having to rearrange his finances was inconvenient, much of this inconvenience this would have happened in any event.

I'm also satisfied that – in line with its legal and regulatory obligations – Barclays needed to carry out some further checks before Mr J could withdraw the remaining funds from his accounts. But once those checks were complete, Mr J would have had access to the funds.

With all this in mind I've gone on to consider whether Barclays's offer is fair.

Because of Barclays's mistake, Mr J didn't get access to the funds when he should have done. Barclays has offered to pay Mr J simple interest to reflect the period between 23 September 2022, when it completed its checks, and 27 October 2022, when Mr J got the funds back. As I'm satisfied Barclays needed time to carry out these checks, I think that's fair in the circumstances of Mr J's complaint.

Barclays has also offered £400 to reflect the distress and inconvenience its actions caused.

Mr J thinks he should get a lot more – in particular, he says he had to spend a lot of time sorting things out and so thinks Barclays should compensate him based on his company's daily turnover. He says he's spent 48 hours dealing with things, or six working days. I've carefully considered this. But I don't accept this realistically reflects the impact Barclays's actions had on Mr J.

First, Mr J was working for a company. And so some of the losses he's mentioned are losses to his company, not to Mr J directly. I cannot compensate Mr J for that. And although Mr J says this took up 6 working days, many of the phone calls he made lasted 20 minutes or less; I don't accept that Mr J's daily turnover realistically reflects the impact Barclays's actions had on him. Finally, I've found that some of what Barclays did was justified, and so Mr J would inevitably have spent some time sorting things out even if things happened as they should have: in particular, Barclays would still have closed Mr J's account and still needed to carry out further checks before Mr J could withdraw his funds.

Barclays agrees it should have returned the funds sooner, and I accept that this caused material distress and inconvenience. Mr J didn't get access for funds for a month – and during this period he was trying to apply for a mortgage and had difficulties proving his income. In all the circumstances, I'm satisfied that £400 fairly reflects the impact Barclays's actions had on Mr J.

I've considered Mr J's further comments. But these don't change my conclusions. Mr J has mentioned his mortgage application. At the time Barclays closed Mr J's accounts, Mr J was in the process of applying for a mortgage, also with Barclays. This application couldn't proceed. I don't doubt Mr J found this frustrating. I note Barclays has separately refunded the £999 mortgage application fee plus £75 to reflect the delay in doing so. But for the reasons I've already explained, I can't say Barclays acted wrongly in closing Mr J's account.

Barclays has offered £400 for the distress and inconvenience it caused, and simple interest for not giving access to the funds sooner. With all this in mind, I'm satisfied that Barclays has

offered fair compensation for the impact its actions had on Mr J.

My final decision

For the reasons above, my final decision is that Barclays has offered fair compensation for giving incorrect notice when it closed the account and withholding access to the funds. Barclays Bank UK PLC should now pay this to Mr J if it hasn't already. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 9 August 2023.

Rebecca Hardman
Ombudsman