

The complaint

A company, which I'll refer to as F, complains that Barclays Bank UK Plc should not have closed its bank account.

The directors of F also control other companies, and they have made separate complaints on behalf of those other companies. This final decision relates solely to F's dispute with Barclays; I have issued separate final decisions in relation to the other companies.

What happened

Barclays told us:

- It wrote to F's directors on 3 August 2022 giving them 60 days' notice that it had decided to close F's account and all facilities with Barclays in early October 2022.
- Its decision to close the account was carefully considered. It complies with all its legal and regulatory obligations, and a decision to close an account is never taken lightly. It has thoroughly reviewed the circumstances and is satisfied that its decision to close F's account was correct.

R's directors told us:

- They control two companies in addition to F. At the beginning of 2022 all three of those companies banked with Barclays.
- Barclays carried out a review of one of their other companies from May 2022 onwards. The directors provided all the information Barclays asked for. The review took four months so presumably was extensive – yet Barclays still decided to close all three companies' bank accounts.
- They believe Barclays may have chosen to close the accounts of all three companies because of misinformation, but without knowing the precise reason for Barclays' decisions they cannot properly challenge them.
- If F cannot obtain banking facilities, it will have to close. It is not possible to operate a business like F without a bank account.

One of our investigators looked at this complaint, but did not uphold it. He said the terms and conditions of F's account allowed Barclays to close the account in the way that it did, and that Barclays isn't required to give a reason for its decision.

Barclays accepted our investigator's conclusions, but F's directors did not. They would like me to order Barclays to continue providing banking services until they are able to open accounts elsewhere. They have not been able to trade with the threat of an account closure hanging over them, so they would also like compensation for loss of earnings as well as consequential damages for mental anguish and the loss of credibility with their regular suppliers and buyers.

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.

I'm sorry to further disappoint F's directors, but there is very little I can add to what our investigator has already said.

Barclays is entitled to choose who it would like to offer accounts to, just as customers are entitled to choose who they would like to bank with. But when it closes an account, it must do so in a way which complies with the terms and conditions of that account. So I've looked at the steps Barclays took to see if it acted fairly.

In this case, Barclays gave F's directors 60 days' notice that it intended to close all of F's accounts. I'm satisfied that Barclays complied with its contractual obligations, and that it was entitled to close F's accounts. In addition, having looked at Barclays' rationale I'm satisfied that its decision was not based on misinformation.

I know the directors would like Barclays to explain exactly why it has decided to terminate its relationship with F. Barclays has said that F does not meet its requirements to hold a business relationship, but Barclays is not obliged to tell F what those requirements are or why F does not meet them.

I acknowledge that Barclays' decision has made it very difficult – and perhaps impossible – for F to continue trading. I'm sorry to hear about the problems the directors have had trying to open new bank accounts for F elsewhere. But I don't think Barclays was wrong to close the accounts, so I can't order it to pay compensation or to continue offering banking facilities to F. Overall, I consider that Barclays treated F fairly.

My final decision

My final decision is that I do not uphold this complaint about Barclays Bank UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 21 August 2023.

Laura Colman
Ombudsman