

The complaint

Company R ("R") complains Barclays Bank UK PLC ("Barclays") closed their account without explanation which has caused them financial loss and inconvenience.

To put things right, R wants Barclays to pay them £1,000 compensation and re-open its account.

What happened

In May 2021, Barclays told R that it had decided to close their accounts in line with its terms and conditions. R were told the closures would take place on 26 July 2021 – two months from the date of the letter.

Unhappy R complained. As Barclays didn't uphold R's complaint, they referred it to this service. Amongst other things, R says Barclays has acted this way because of a separate complaint related to them being scammed. R's director has also complained about the impact this matter has had on his health.

One of our Investigator's then looked into R's complaint. They explained they are only considering the complaint about the account being closed by Barclays - any complaint related to Barclays withholding funds and R being scammed in 2020 were resolved under a separate reference number at this service.

Our Investigator didn't recommend R's complaint about its account be upheld. In summary they found Barclays acted in line with the terms of the account when closing it; that it has legal and regulatory obligation to comply with; and it doesn't need to give R a reason.

Barclays agreed with what our Investigator said, but R did not. R says it no longer has an account which prevents them from carrying out business. R's director also explains that this is having a significant impact on them personally.

As R didn't agree, this complaint has now been passed to me to decide. To be clear, for the same reasons as above, my decision only deals with Barclays' actions in relation to closing R's account.

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 not uphold this complaint. I know R feels strongly about this complaint, so I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that R and Barclays have said before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information we consider should be kept confidential.

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.

Both before and after Barclays said it was going to close R's account, it wasn't restricted, in other words R had access to their account during this time.

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 it.

The terms and conditions of the account, which Barclays and R had to comply with, say it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having carefully looked at the information given to me by Barclays, I'm satisfied it was entitled to close the account in the way that it has done. As I said above, Barclays had written to R to explain its actions and in doing so signposted R to the relevant part of its terms and conditions that it was exercising this action under.

I note R would like an explanation for why Barclays closed the account. But I am aware of no obligation under which it must do this.

R says this matter has caused them financial loss. They also say it has caused its director's trouble and upset. I do not underestimate that this matter would've caused R some difficulty. 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 given that I don't think it failed to properly follow its own procedures when it closed R's account.

So I'm not going to ask Barclays to compensate R for any inconvenience this may have caused them. Given R is a separate legal entity to the director's, I can only make a finding on the inconvenience and not any distress its director's say they suffered. After all, a separate legal entity to that of an individual can not suffer emotion.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 27 October 2023.

Ketan Nagla
Ombudsman