

The complaint

Miss H complains that Barclays Bank UK PLC blocked and closed her account. She would like a reason and the account reopened.

What happened

Miss H had an account with Barclays.

Miss H attempted to make a payment from her account on 6 September 2022. The transaction was declined. The account was blocked.

On 16 September 2022 Barclays sent Miss H a notification that they would be closing her account with immediate effect.

Miss H also received a notification that the balance on her account of £880.86, had been transferred out of her account and she needed to attend branch to get her closing balance. This she did on 22 September 2022. She says as a result of the blocks and closures some direct debits were delayed which resulted in Miss H incurring charges.

Miss H was unhappy that she didn't know why the account had been closed, she had been a customer of Barclays for a long time. She complained to Barclays. They didn't uphold the complaint. They said they were entitled to close the account.

Miss H was unhappy with their response, so she complained to our service. One of the investigators looked into the complaint. She thought Barclays hadn't acted unfairly when they had blocked and closed her account. She thought they had complied with their terms when blocking and closing the account with immediate effect so she didn't think any compensation was payable even though she acknowledged it would be frustrating to have one's account closed. She was aware that Miss H had other accounts, so she wasn't left with no banking facilities.

Miss H was unhappy with the view. She said she had been inconvenienced greatly by the closure of the account. In particular a refund from her credit card was delayed because of the closure of her Barclays account which meant she suffered a financial loss because the money wasn't earning interest. She also had to contact an investment company to notify them of a change of account, which wasted her time and was inconvenient. She wanted to know which term Barclays had relied on to close her account. She complained Barclays had given poor customer service.

She asked for an ombudsman to review the case, so the matter has been passed 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.

I'll start by setting out some context for the review of Miss H's account. UK legislation places

extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In practice this means they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments.

I can see that in blocking the account the bank were following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise. I am satisfied Barclays were complying with these obligations when they reviewed Miss H's account.

Miss H says she is unhappy that Barclays have closed her account with immediate effect and wants to know the reason why.

As the investigator explained it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

I've considered whether Barclays acted fairly in closing Miss H's account. I've looked at the terms and conditions of her account and I'm satisfied they did. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Barclays closed Miss H's account without notice. For Barclays to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done.

Miss H wanted to know the reason for the account closure. But Barclays doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Miss H the reasons behind the account closure, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Miss H this information. And it wouldn't be appropriate for me to require it to do so.

Miss H has said that she incurred financial losses as a result of the closure of her account. I appreciate what Miss H is saying but having looked at the evidence I am satisfied that Barclays did not make an error when they reviewed and closed Miss H's account so it follows, I don't think that Barclays must pay compensation.

I appreciate Miss H has also said that Barclays offered poor customer service I have reviewed the file and I can't see that there was poor customer service although I appreciate that Miss H believes the account closure was unwarranted and unfair. I imagine that Miss H had to spend some time rearranging her financial affairs and that was inconvenient. But as I've said as Barclays didn't make any errors, I can't hold them liable for this inconvenience.

My final decision

For the reasons stated above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 29 September 2023.

Esperanza Fuentes
Ombudsman