

The complaint

A company I'll call U complains that Barclays Bank UK PLC (Barclays) blocked its accounts while it carried out a review, then closed the accounts and withheld the account funds while it carried out an investigation.

U is represented by its director, Mr L.

What happened

On 29 August 2022, Barclays blocked U's accounts while it carried out a review. The block meant U couldn't access the account balances, which stood at over £330,000. Mr L contacted Barclays on a number of occasions to find out what was happening and to request the blocks be released. But Barclays wouldn't explain why it had blocked the accounts and it repeatedly declined to release the blocks.

Mr L appointed solicitors to assist, but Barclays didn't change its stance despite contact from the solicitors. Throughout the process, Mr L always responded to Barclays promptly and he's unhappy at the time it took Barclays to complete its review, given the major impact the blocks were having on his business.

Barclays responded to U's complaint on 30 September 2022 saying it hadn't made an error in blocking the accounts and that it had no set timescale for when its review would be completed. When Barclays later completed its review, it wrote another letter to U, this time on 6 December 2022, to say it had finished its investigation and had decided to close U's accounts. It said that once it had done so, it would need Mr L to submit proof of entitlement to the account funds before it would release them.

Barclays ultimately released the account funds in two batches: £25,000 on 23 February 2023 and the remaining balance on 21 April 2023. By the time the funds were released, Mr L had already brought his complaint to our service, wanting Barclays to unblock the accounts, release the funds, explain what had happened and pay U compensation.

Our Investigator looked at U's complaint, but she didn't uphold it. She looked at everything Mr L had sent in but, having reviewed the evidence Barclays had sent our service, decided that it had done nothing wrong. So, she didn't ask Barclays to compensate U for any losses it had suffered.

Mr L didn't accept our Investigator's outcome – he wanted Barclays to pay compensation to include the £12,000 U had spent on legal fees – so he asked for an Ombudsman to review the matter afresh.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And 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 in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr L and Barclays have said, before reaching my decision.

Account blocks

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review.

So, while U might have incurred costs and suffered losses because of Barclays' actions, in order to make an award in favour of U, I would need to be satisfied that Barclays acted unfairly or took actions it wasn't entitled to take. And, having looked at the evidence it relied on in reaching its decision, I'm satisfied Barclays acted in line with its legal and regulatory obligations when it blocked U's accounts. And that it was entitled to do so under the terms and conditions that governed the relationship between Barclays and U.

Mr L has said he wants an explanation from Barclays, but I'm sorry to say that Barclays isn't obliged to disclose the reasons for its decision to U, so I can't say it did anything wrong by withholding that information. Barclays has shared its rationale with me though, and having reviewed the same, I'm satisfied it acted reasonably in blocking the accounts and in keeping them blocked pending closure.

I've also considered whether or not Barclays acted promptly in releasing the funds to U after the review had ended. I've looked to see what Barclays was doing while the review was ongoing and to see if it could have acted more quickly. But given everything it has disclosed to our service, I'm satisfied it acted sufficiently promptly and that it completed the necessary steps in the appropriate order. As I've said above, I can't disclose the reasons for Barclays' actions, but it did tell Mr L that it had concerns about some of the funds in U's accounts. And it asked Mr L to provide proof of entitlement to those funds, which it needed to review on receipt.

Based on the evidence I've seen, I'm satisfied Barclays' concerns were legitimate and that it didn't treat U unfairly in holding onto the account funds while it completed its review. So, I won't ask it to pay U compensation, because U's losses weren't incurred as a result of an error on Barclays' part, and I've seen nothing to suggest Barclays treated U unfairly, considering all of the circumstances of this complaint.

Account closures

A bank is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. The terms of business that governed the relationship between Barclays and U provide for the circumstances in which Barclays can end its relationship with U. It says Barclays can do so by providing advance notice, or without notice in certain circumstances.

Barclays issued its notice to close on 12 January 2023, stating that the accounts (and online banking access) had been closed without notice. Again, I can't disclose full details of the closure to Mr L, but having reviewed the evidence Barclays has provided our service to

demonstrate it acted in line with its terms of business, I'm satisfied it was entitled to close U's accounts, and that it didn't need to give advance warning before it did so.

I don't underestimate the impact this had on U, and I'm grateful to Mr L for sharing full details of the situation he was put in. But I can't ask Barclays to compensate U in circumstances where it took actions it was perfectly entitled to take.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 25 April 2024.

Alex Brooke-Smith
Ombudsman