

The complaint

Mr and Mrs C have complained that Barclays Bank UK PLC ("Barclays") closed their account after they'd updated their address to a UK address.

What happened

Barclays wrote to Mr and Mrs C on 10 October 2022 to say that it was applying limitations on accounts registered to addresses outside of the UK. It said that as the address registered for Mr and Mrs C's account was a non-UK address, it had taken the decision to close their account. The letter explained that if Mr and Mrs C were unable to provide a UK address, then it would close their account around 4 May 2023.

Barclays sent follow up letters on 8 January 2023 and 10 April 2023 – reminding Mr and Mrs C what would happen to their account.

Following receipt of the notification, Mrs C changed her address to a UK based address to avoid her joint account from being closed. Mrs C checked with Barclays via webchat on 8 March 2023 to see if there was anything else she needed to do and she was assured there was nothing further to do. However, as Mr C's address was not updated, and as Mr and Mrs C were not resident in the UK, their account was closed - although the first time Mrs C became aware of this was when she went to pay for something using her debit card and the payment was declined.

Unhappy with this, Mr and Mrs C raised a complaint with Barclays. Barclays issued a final response letter on 12 July 2023 and apologised that the account was closed after Mrs C had updated her address to a UK address. Barclays offered to pay £200 compensation. It explained that as the account had been closed for more than 30 days, it could not be reopened. Barclays explained that Mr and Mrs C's claim for the balance of the closed account had been referred to its Customer Care Department.

After Mr and Mrs C referred their complaint to this service, Barclays agreed to pay a further £100 compensation, bringing the total amount offered to £300, to apologise for the inconvenience caused to Mr and Mrs C.

One of our investigators assessed the complaint and they thought that the £300 offered by Barclays was fair. But they also thought that Barclays should pay 8% simple interest, less deductible tax, on Mr and Mrs C's funds from 5 May 2023 until when the funds were returned to Mr and Mrs C. The investigator also assisted Mr and Mrs C in getting the funds held in the closed accounts being returned to them.

Mr and Mrs C disagreed with the investigator's assessment, so the matter was referred for an ombudsman's decision.

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 considered everything, I uphold this complaint and have explained why below.

I can see that Mr and Mrs C had a UK bank account with Barclays for a number of years. I also recognise that due to them living outside of the UK, making alternative banking arrangements in the UK may be difficult. So, in the circumstances, I can appreciate why Mr and Mrs C are unhappy with Barclays' decision to close their account.

However, in terms of Barclays' decision to close the account, I should explain that banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts. Providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

In this case, Barclays has explained that following the UK leaving the EU, it reviewed the services it offered to customers outside of the UK. This resulted in a letter being sent to Mr and Mrs C to inform them that, unless they were UK residents and could provide a UK address, their account would be closed.

As it was a policy decision by Barclays to limit certain services provided to customers living outside of the UK, I cannot say Barclays did anything wrong or treated Mr and Mrs C unfairly in deciding to close their account.

I have looked at the closure letters sent, and these provided details of the timing of the closure and the need to take action. Based on the letters that were sent, I think that Barclays provided Mr and Mrs C with reasonable notice of the closure of their account, to enable them to take action to make alternative banking arrangements.

In addition to deciding to close their account, Mr and Mrs C are also unhappy that, after Mrs C updated her address to a UK address, Barclays said that they didn't need to do anything further. However, that was not actually the case, and their accounts were still due to be closed on 5 May 2023. This was clearly very frustrating for Mr and Mrs C and has caused them inconvenience too. Since their accounts were closed, they have had to go to a fair amount of effort to get documents verified to get the funds released. Had Mr and Mrs C been made aware that their account was still due to close, then I think a large part of the inconvenience could've been avoided – essentially because they would've been able to transfer the funds out of the accounts before they were closed.

Mr and Mrs C are not satisfied with the amount of compensation that the investigator had recommended Barclays pay them due to this error. They say the amount should be higher. Barclays has provided the redress figures for Mr and Mrs C. It says that the total amount of redress due to Mr and Mrs C is £2,937.55 – comprising of the £300 compensation award and £2,637.55 compensatory interest (after tax).

I have considered what Mr and Mrs C have said and considered everything that has been provided. I've taken several factors into account, including the amount of time this matter took to resolve; the number of times that Mr and Mrs C had to contact Barclays; not having access to their money in that time; and having to arrange for their documents to be verified. But when taking everything into account, I do think the compensation proposed by the investigator, which is just shy of £3,000 in total, fairly reflects the impact this matter has had on Mr and Mrs C. So, I don't think that further redress is warranted in this case.

As a final point, I understand that Mr and Mrs C signed a release form for the money held by Barclays to be paid to them in Euros. But there was an issue with the verification of the documents included with the form. During their investigation, the investigator sent Barclays a

document from Mr and Mrs C's solicitor that verified the documents, and Barclays was then able to release the payment to Mr and Mrs C.

However, Mr and Mrs C are unhappy that the payment was made to them in Euros, as they had sent Barclays new forms that requested the funds be paid in Pounds instead. Mr and Mrs C say that Barclays should've acted upon the most recent instructions and say that due to changes in the exchange rate, this has meant that they have lost out.

Having looked into this matter, I can see that Barclays had already processed the Euros payment by the time the second Pounds payment request was received (although I note there was some delay before Mr and Mrs C received the money). In the circumstances, I don't think that Barclays has acted unfairly by not acting on the second release form, given that it'd already acted upon the first release form by the time it was received – it seems it was just unfortunate timing for Mr and Mrs C. So, I don't think an award for the difference in the exchange rate is warranted.

Putting things right

So, to matters right, I require Barclays to pay Mr and Mrs C £300 compensation for the distress and inconvenience caused to them by this matter.

As Mr and Mrs C were deprived of the benefit of their money during the time that they were trying to release the funds from Barclays, I also require Barclays to pay Mr and Mrs C compensatory interest on the balances of their closed accounts. This should be at a rate of 8% simple per year, less deductible tax*, and calculated from the date their accounts were closed, up until the date they received their money back.

* HM Revenue & Customs requires Barclays to deduct tax from this interest. Barclays should give Mr and Mrs C a certificate showing how much tax it has deducted, if they ask for one.

My final decision

Because of the reasons given above, I uphold this complaint and require Barclays Bank PLC to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 15 March 2024.

Thomas White
Ombudsman