

The complaint

M a limited company complains that Barclays Bank UK PLC unfairly closed its bank account which led to loss of business.

M's complaint has been brought to our service by its director, Mr N.

What happened

M had a business account with Barclays which was opened in 2009.

In the summer of 2021, M secured a contract to supply goods to an overseas customer. However, M's customer wasn't able to make payments via wire transfer for goods, so as part of the contract, Mr N approached Barclays to set up an export letter of credit (ELOC). Barclays considered Mr N's request and asked him for more information about his business and the contract, which Mr N provided.

Following this Barclays reviewed everything and said it wasn't prepared to offer M an ELOC. It also decided to close M's account and wrote to Mr N giving him 60 days' notice that he'd need to make alternative banking arrangements for M. Mr N complained to Barclays. He pointed out that M had been a long standing customer of the bank, and nothing had changed over the years regarding how M did business and who it traded with, which included international customers. He asked Barclays to explain why it no longer wanted M as a customer.

In response Barclays said it hadn't done anything wrong and had closed M's account in line with the terms and conditions of the account. It also explained that it didn't have to give Mr N an explanation why it no longer wanted M as a customer. Unhappy with this response, Mr N brought M's complaint to this service. He said as a result of Barclays closing M's account, M lost out on the contract which he said was worth around \$120,000 USD and missed out on further potential business worth between \$200,000 and \$300,000 USD. He wants Barclays to provide him with a proper explanation for why it closed M's account and pay compensation for M's financial losses.

One of our investigator's looked into M's complaint. She didn't think Barclays had treated M unfairly when it had closed its account. And she explained that the bank didn't need to provide an explanation for its decision. Mr N disagreed. He maintains that M has been treated unfairly by Barclays. He wants compensation and M's account reopened.

As no agreement could be reached the matter has come 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 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 that we considered should be kept confidential. But I want to assure Mr N, on behalf of M, that I have considered everything that he and Barclays have submitted as part of this complaint.

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 very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Banks are entitled to end their relationship with a customer, as long as this is done fairly, and doesn't breach law or regulations and is in line with the terms and conditions of the account. Barclays have relied on the terms and conditions when closing M's account. The terms explain that the bank can close the account immediately and by providing two months' notice.

In this case Barclays closed M's account with full notice – 60 days. Having read Barclays terms and conditions for its business customers this is in line with the terms and conditions of the account. So, I'm not persuaded Barclays treated M unfairly when they closed its account. It wouldn't be appropriate to make an award for compensation for that, since I don't believe that Barclays acted inappropriately in taking the actions that it did.

I know Mr N wants Barclays to explain the reason it closed M's account. It can't be pleasant being told you're no longer wanted as a customer. So, I can understand why Mr N was upset. But Barclays is under no obligation to tell Mr N the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr N this information. And it wouldn't be appropriate for me to require it do so.

In summary, I recognise how strongly Mr N feels about what's happened, and I don't doubt it was a frustrating and upsetting time. So, I realise he will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say Barclays has acted unreasonably and treated M unfairly when it closed M's account. So, I won't be asking Barclays to do anything, and I don't think this complaint should be upheld.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 18 September 2023.

Sharon Kerrison
Ombudsman