

The complaint

Mr P complains that Barclays Bank UK PLC closed and then withheld access to the funds in his bank account.

What happened

Mr P had an account with Barclays. In 2022, Barclays blocked the account. It then contacted Mr P and asked him for information about payments into the account. Mr P provided some information – but Barclays decided to close Mr P's account. While it was doing all this, it removed the remaining funds in the account to a holding account. Mr P asked Barclays to release the funds. But Barclays said the information he'd given wasn't sufficient to allow them to do so. Dissatisfied, Mr P complained to Barclays, and then referred the complaint to us.

Barclays now says it released the funds in May 2023 – and that Mr P should have been able to receive the funds by visiting a branch. Mr P has subsequently got his funds back. Our investigator thought that Barclays had been following its legal and regulatory obligations when it blocked and closed Mr P's accounts. But she thought that Mr P would have got his money back sooner if Barclays had told him it was willing to release the funds sooner. So she recommended Barclays pay simple interest on the amount in the account from 30 May 2023 until Mr P got the money back in August 2023. She also thought Barclays should pay Mr P £100 to reflect the distress and inconvenience all this caused.

Mr P doesn't agree. He thinks he should get more. The complaint has been referred 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 reach the same conclusions as the investigator. I'll explain why.

Barclays, like all financial businesses, are subject to legal and regulatory requirements. These require Barclays to monitor transactions into and out of a customer's account, and many mean they need to carry out a review at any time. And where Barclays carries out such a review, these requirements may require it to block use of the account.

The terms and conditions that applied to Mr P's account also say Barclays can close an account by giving at least two months' notice. In some circumstances it can close an account immediately. In this case Mr P's account was closed immediately.

Based on everything I've seen, I'm satisfied Barclays acted in line with its legal and regulatory requirements, and the terms and conditions of the account, when it blocked and then closed Mr P's account. I appreciate Mr P wants to know more about why Barclays did this. But when Barclays closes an account in these circumstances it doesn't have to give reasons – and nor would it be appropriate for me to share those reasons.

I've next considered the delay in returning Mr P's funds. I see that after Barclays closed the account, Mr P visited branch to withdraw the remaining funds. Barclays told him he could withdraw wages or benefits which are paid to the account, but for anything else he'd need to provide information about those funds. There was then some back and forth, with Barclays asking for information, Mr P providing some information, followed by Barclays asking for further details about the payments into the account. This continued until early May when Mr P explained that some of the credits into his account related to cash he'd previously withdrawn for his business. A few weeks after this, Barclays decided that it could release the funds to Mr P. But it doesn't appear Barclays told Mr P about this. Mr P says he didn't know the funds had been released until we told him about this in August 2023.

I'd expect Barclays to complete its review in a timely manner. Here, I see Barclays took some time to review the information Mr P sent them and to go back to him to request further information. Mr P, equally, initially refused to provide some of the information Barclays asked for, and there were also some delays between Barclays asking for information and Mr P getting back to Barclays with a response. In the circumstances, and based on everything I've seen, I'm not persuaded the time Barclays took to look at things was unreasonable.

But after Barclays completed its review on 30 May 2023 it released the funds, but didn't tell Mr P it had done this. Mr P in fact contacted Barclays during this period for an update, and was instead told he needed to contact us. I don't think Mr P could have known that Barclays had decided he could have access to the funds – and had Barclays explained this, he'd have access to the funds sooner. Mr P has therefore lost out because of this.

Putting things right

Where I uphold a complaint, any compensation I award is intended to put Mr P in the position he'd be in if things had happened as they should have done.

For the reasons I've explained, I'm not persuaded Barclays's review ought to have been completed sooner than it actually did. I'm satisfied that Barclays was entitled to ask for information about these payments in line with its legal and regulatory obligations. But Barclays could have told Mr P the outcome sooner – and so although he's already had the funds back, he was deprived of the funds for longer than he should have.

With this in mind, Barclays should pay Mr P simple interest – the rate is 8 per cent. simple per year – from 30 May 2023 until Mr P got the money back.

I've considered the further losses Mr P has mentioned. He says that because the account was blocked, his business wasn't able to repay its credit card. He says he needed to take out a second charge mortgage over his property.

I've thought about this. I note that Mr P's business was a limited company. That means it's a separate legal entity from Mr P. I can't hold Barclays responsible if Mr P chose to borrow money personally to repay the debts owed by the company. Moreover, the terms and conditions that applied to Mr P's account said that the account was for personal use only, and mustn't be used for money relating to any business he runs. In the circumstances, I don't accept these losses are ones that Mr P can fairly recover from Barclays.

I accept, however, that all this would have been stressful to Mr P. Where I award compensation for distress or inconvenience this isn't to punish the business but to reflect the impact Barclays's actions had on Mr P. Much of the impact here was unavoidable – I accept that Barclays was able to close the account and block access to the funds while it looked

into things. But I accept that the delay in getting back the funds was distressing. I therefore award £100 to reflect the trouble and upset this caused.

My final decision

I uphold this complaint. Barclays Bank PLC has already paid Mr P the amount it withheld. It should also pay Mr P simple interest (the rate is 8 per cent. a year) on this amount, from 30 May 2023 until the date Mr P got the money back. It should also pay £100 for the trouble and upset it caused Mr P.

If Barclays Bank PLC is required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 January 2024.

Rebecca Hardman
Ombudsman