

## **The complaint**

Mr M complains Barclays Bank UK PLC (“Barclays”) restricted and removed funds from his account and put it in a false overdrawn position without warning nor explanation. Mr M also complains that after unrestricting his account, Barclays closed it with immediate effect and provided poor customer service throughout.

To put things right, Mr M wants Barclays to give meaningful and proportionate compensation for the distress and inconvenience he’s suffered. And an explanation for its actions.

## **What happened**

On 13 July 2022, following an internal review, Barclays removed the funds, around £26,500, in Mr M’s account and put it on an overdrawn position of around £500,000. Barclays also restricted his access to the account.

Mr M discovered what had happened on the same day and says he spent most of the day trying to speak to someone about what had happened – and why Barclays had taken this action. Mr M says discovering his funds had gone, and the overdraft position of the account, caused him severe distress.

Mr M complained about Barclays’ actions and continued to try and seek answers about what it had done. Mr M sought assistance with his complaint from his local Member of Parliament (MP), and Barclays sent its final response to them.

Barclays did not uphold Mr M’s complaint. In summary, it made the following points:

- Its review required it to remove the account balance and place it in an overdrawn position
- The review was completed on 25 July 2022, and the account has been returned to its original state. Mr M has since been using the account
- In taking these actions, Barclays was complying with its legal and regulatory obligations. And because of this, its unable to share any further details about the review

Unhappy with Barclays’ answer, Mr M referred his complaint to this service. Mr M added that he had made several calls to Barclays and visited its branch but kept getting meaningless answers. He says he spent many hours trying to sort matters out and only found out his regular standing orders and direct debit payments weren’t being paid through his creditors. So he had to sort out the payments himself directly with creditors causing significant inconvenience.

Mr M also says his state pension wasn’t credited into his account due to the restrictions Barclays placed on his account. One of Barclays’ complaint handlers made Mr M an offer of £100 for the distress and inconvenience it caused him - which he didn’t accept.

On 2 August 2022, Barclays sent Mr M a letter notifying him that his account has been

closed with immediate effect in line with the terms of the account. Mr M was told that Barclays was under no obligation to give him a reason for the closure. Mr M later withdrew his funds from a branch.

One of our Investigator's looked into Mr M's complaint. They recommended the complaint isn't upheld. In sort, they made the following key findings:

- Barclays is entitled to block and close accounts immediately in certain circumstances in order to comply with its legal and regulatory obligations. This service can't compel it to give Mr M a reason for doing so
- Barclays' block and investigation lasted 13 days – this is not an unreasonable amount of time for such an investigation
- Mr M complains Barclays wouldn't pay any of his regular payments, but Barclays was entitled to block the account which meant all activity on the account ceased
- Mr M had one pension payment he was unable to access during the block, but Barclays says he would have been able to access this with two forms of ID in branch
- Barclays acted reasonably by sending its complaint response to Mr M's MP given they were representing him

Mr M did not agree with what our Investigator said. Amongst points already raised, Mr M says Barclays' actions were not justified based on either its regulatory obligations or common decency. Mr M also questions why his account had to be placed in an overdrawn position of £500,000 and why it couldn't just be set to nil balance.

Mr M says he was told he could apply for his money with two forms of ID. He tried that and was told it should take the branch a day to get a release code – but it took five days. Mr M also adds he didn't appoint anyone to represent him.

As Mr M didn't agree, this complaint was passed to me to decide. I then sent both parties my provisional decision and set them a deadline to send further comments or evidence for me to consider before I decide this complaint. That deadline has now passed.

For ease of reference, here is what I said in my provisional decision:

#### Provisional decision

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so, I'm planning on upholding this complaint in part. I'll explain why.*

*I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.*

*If there's something I've not mentioned, it isn't because I've ignored it. 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. I do stress however that I've considered everything that Mr M and Barclays have said before reaching my decision. It's important to note, my decision focuses on Barclays'*

actions in regard to Mr M's current account.

*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 we consider should be kept confidential.*

*Banks in the UK, like Barclays, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.*

*Barclays have explained, and given me evidence, to show why it reviewed and restricted Mr M's account. Having carefully considered this, I'm satisfied it was acting in line with the obligations it must adhere to when doing so.*

*Typically such a restriction meant Mr M would have no access to his account. So the fact his funds were removed from the account whilst this happened would've caused him no detriment. The funds after all were put back into the account when the review ended.*

*Barclays say its internal processes means it must affect an overdraft on the account in the way it did. Mr M spent most of the 13 July 2022 trying to work out what had happened, at one point being told Barclays' systems were down globally. Mr M says he was told by one of Barclays' staff who called him back on the 13 July 2022 that it had removed the funds from his account – and it wasn't a scam or fraud.*

*I accept that upon discovering you may be liable for half a million pounds would be incredibly distressing and would cause significant alarm. Barclays say its internal systems and processes meant it had to affect this overdraft. That may be the case here, but I think from what I've seen it ought to have done more to let Mr M know this was part of its account restriction process much sooner to alleviate the shock and anxiety it likely caused.*

*Having said that, Mr M would have been assured by his interaction with Barclays' staff on the evening of 13 July 2022, that this wasn't the case. So any compensation I award for this will take that into account.*

*I've already said Barclays was entitled to carry out the review and resulting restriction on Mr M's account, and I don't think it caused undue delay in its investigation given the account was reinstated around 12 days later.*

*Barclays say it told Mr M he could access his pension by requesting as much by going into branch with two form of identity documents. It's not clear if Mr M is saying he tried to access his pension solely or was trying to access all his funds when he went into branch. This point is important because, subject to individual circumstances, I'd expect Barclays to do more to allow Mr M access to his pension when restricting the account – especially if they were needed for essential everyday living costs. But given Mr M had access to other funds, I don't think whether Barclays did enough here is that significant. And the pension payment, along with the balance of the account, were made available to him when the account was unblocked under two weeks.*

*Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account.*

*The terms and conditions of the account, which Barclays and Mr M had to comply with, say*

*that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice. I note Barclays has referred Mr M to its specific account terms for this.*

*Barclays has explained why it chose to close Mr M's account down immediately and the concerns it had to this service. I've carefully considered this, which includes all the actions it took to meet any legal and regulatory obligations.*

*Having done so, I'm not persuaded Barclays did enough to justify it closing the account down immediately. Mr M has shown throughout that he was more than willing to provide Barclays with any information showing his entitlement to, and origin of funds. He's gone as far as saying he would be willing to get his accountant to correspond with Barclays.*

*Barclays hasn't demonstrated that it did any such investigation. It says that this wouldn't be appropriate here given its concerns and obligations. But in the circumstances of this complaint, I'm persuaded it ought to have.*

*That means there's a possibility Barclays may not have exited Mr M with immediate effect and instead given him the two months' notice. This would have allowed Mr M to move his regular payments to one of his other accounts in a less troublesome and distressing manner. Mr M says he spent the best part of a week trying to sort this out. So, I think Barclays should pay Mr M compensation for this.*

*I note Mr M feels strongly about being given an explanation for Barclays' actions, and I can understand why this is important to him. But Barclays is under no obligation that I'm aware of to do so.*

*Mr M has also made assertions about the particular laws and regulations referred to. The regulator, the Financial Conduct Authority (FCA), sets regulations which banks must comply with – and most of the legislations referred to will be covered by this.*

*Banks are required to comply with a wide range of law and regulation, including the Prudential Regulation Authority (PRA) Rulebook, the Financial Conduct Authority (FCA) Handbook and various pieces of primary and secondary legislations. Most of these regulatory requirements apply to all UK banks and Barclays is subject to them.*

*While these regulations are in place, the specific sections which Barclays would have relied on when closing and reviewing Mr M's account is set out in the Terms and Conditions of the account - rather than a set piece of legislation. Part of the legislations will be ensuring banks comply with the Terms and Conditions of their account, especially when monitoring ongoing business relationships.*

*Mr M has said Barclays provided him with poor service as he wasn't told why it was taking these actions, and because he spent many hours trying to speak to someone and call were not returned as promised. I've already said Barclays doesn't need to give him an explanation.*

*I haven't seen any evidence Barclays failed to call him back and note that he was told the actions were Barclays' doing on the day they were placed. So I'm not persuaded any further response would have yielded any new information. I'm also satisfied Barclays responded to Mr M's complaint in a timely way. And once it had given him referral rights to this service, it was under no obligation to continue responding to points about the same underlying complaint event. I do understand however that such drastic actions would lead to someone wanting answers and making repeated attempts to get them.*

*So, after weighing everything up, I'm persuaded Barclays should have done more to explain to Mr M the overdraft was a false position and part of its internal account restriction processes, and it most likely should have given him two months' notice of closure.*

*Given the distress and upset I've explained above due to Barclays' failings, and what I've said about any mitigating factors, I'm satisfied an award of £350 is fair compensation. This amount is inclusive of the offer made by Barclays"*

Barclays agreed with what I said I was planning to decide. Mr M has also responded and made further comments for me to consider.

I will now decide this complaint.

### **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 done so, I've decided to uphold this complaint in part. The reasons for doing so are in my provisional decision – as above – and I'll give further reasoning below.

In response to my provisional decision, and in summary, Mr M has made the following key points:

- He asked his MP to exert pressure on Barclays and to alert them of what it was doing
- All the call centres Mr M called to rearrange his regular payments were experiencing unusual high levels of calls, and he faced frustrating wait times – often many hours. But one mobile phone payment fell through the net, and he had to write to agencies and ask the record to be removed
- Mr M didn't get a response from Barclays CEO when he raised a complaint to their office
- Barclays need to control and programme its systems better to avoid the false overdraft issue
- Barclays' obligations are so onerous that it's forced to close innocent customer's accounts to avoid fines and sanctions - this should be reviewed
- He doesn't understand the point I made in the provisional decisions about him not suffering detriment by Barclays removing his funds from the account. Mr M says having around £26,500 removed from an account would cause detriment
- Barclays didn't tell him he could go into a branch with his ID to access his pension. The only latitude Barclays offered was on his HMRC pension. Barclays didn't know he had access to other funds so that would not have played a part in its thinking
- Mr M doesn't understand why Barclays chose to close all his accounts including a joint one with his wife
- Mr M is not familiar with the basis of how I arrived at my compensation award for the distress and inconvenience Barclays caused. But he doesn't think my recommended compensation is appropriate, saying it is less than the minimum wage for the time he spent trying to sort out manually switching his regular payments to another account

I can understand why Mr M approached his MP, that is his prerogative – and I can equally understand why Barclays sent its final response to them. After all, Barclays had received correspondence about Mr M's complaint from the MP's offices. So I don't think it's done anything improper by doing so.

I've accounted for the inconvenience Mr M has described when having to set up and switch his regular payments manually. But I can't hold Barclays responsible for the delays Mr M faced with the institutions he needed to contact to facilitate this in its entirety.

I note Mr M thinks my award, when accounting for the time he spent resolving this particular issue, is less than minimum wage. I have no reason, or evidence to the contrary, to conclude Mr M didn't spend the time he says he did in sorting out his payments. But my award is in line with our approach to for distress and inconvenience. Information about this is available on our website.

Mr M received a final response to his complaint to Barclays. It was not obligated to respond to related points about the same complaint from that point onwards.

Mr M says Barclays needs to improve its systems so as to not put accounts in a false overdraft position. I've already said that in Mr M's case, Barclays should have done more in terms of keeping him better informed about this. It is not my role to comment on the way Barclays operates more broadly. The FCA is the regulator, and our role is to determine individual complaints. And that is what I've done here.

Similarly, it is not the role of this service to affect change to any legal and regulatory obligations Barclays must follow.

Mr M says he suffered detriment when his funds were removed by Barclays. I'm sorry that I didn't explain my point clearly enough in my provisional decision. But what I meant by this is that Mr M wouldn't have had access to his funds during the review, despite them being removed from his account. That's because Barclays would've most likely blocked the account – meaning he would've had no access. And I've also said Barclays acted in line with its obligation in blocking the account and didn't cause undue delay.

Mr M says Barclays offered him latitude in accessing his pension funds. I think in the circumstances of this complaint it acted fairly in doing so. Lastly, Mr M would need to complaint separately about any account he holds with his wife - if he hasn't already done so.

### **My final decision**

For the reasons above, I uphold this complaint in part. Barclays Bank UK PLC must now pay Mr M £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 January 2024.

Ketan Nagla  
**Ombudsman**