

The complaint

Mr W complains that Barclays Bank UK PLC blocked his account, sent money to a third party lender, and they threatened to close his accounts.

What happened

Mr W says that while trying to make a purchase his banking application didn't work. He contacted Barclays who told him his account had been blocked, but he says he had no notice and no access to his money. Mr W was left unable to pay for a purchase which had just been fitted on his car, and the issue impacted on his immediate family and their education. He was also unable to pay for fuel for his payment meter, and he says he lost a days' worth of earnings as he's had to take time off to deal with this. Mr W made a complaint to Barclays.

Barclays partially upheld Mr W's complaint and offered him £150 compensation. They said Mr W had taken a loan with a third party company for £4,000 and the funds were credited to his Barclays account, but Barclays were then contacted directly by the third party who advised of possible beneficiary and impersonation fraud, so Barclays placed a block on Mr W's accounts and the requested proof of funds for the transaction. Barclays subsequently made the decision to close his accounts. After working with the third party loan provider, they ascertained the third party lender added Mr W's loan to another person's credit file with the same name and date of birth in error, so they reversed the decision to close Mr W's accounts.

Barclays said they acted in line with their terms and conditions in putting an account under review, but for an unknown reason, Mr W's account went back as being marked for closure, after they agreed to reopen it. They said this added an extra day onto when Mr W was told the account would be reopened. Barclays said when this originally started, as part of what the third party lender raised to them, they also raised an Indemnity Claim on the funds sent. Barclays said they're obliged to act on these, and so they sent the funds they could recover as per their request, and he would need to seek this back from the third party company. Mr W brought his complaint to our service.

Our investigator felt the £150 offer was fair. She said Barclays acknowledged and apologised for the delay in reinstating the account, and for the further delay and confusion regarding the account status. She said Barclays correctly addressed the temporary block of the account and account closure in line with the terms. Mr W asked for an ombudsman to review his complaint. He said a similar thing had happened in the past, he has had to raise a new complaint as Barclays have closed an immediate family members account due to this issue. He detailed the impact this had on him and his family, and he said Barclays didn't communicate with him about what happened.

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.

Mr W has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I must make Mr W aware that I'm only able to consider the role of Barclays in what happened here in 2023. If Mr W is unhappy with Barclays actions in the previous year he may be able to make a complaint to Barclays about this if he hasn't done so already. I also won't be able to look into what Mr W has said about his family members account being closed down by Barclays as my understanding is a separate complaint has been raised with Barclays over this issue. Finally I'm unable to consider the actions of the third party lender here. Mr W will need to raise a separate complaint with them directly, but if he is unhappy with their response, then he may be able to bring this complaint to our service.

Banks and building societies have regulatory and legal duties that they need to follow. Barclays are required to act in a certain way if they are notified that there could be potential fraud. In these instances, they are not required to notify a customer before taking action. In fact doing so could constitute as a criminal offence as it could be seen as tipping someone off. So while I have a great deal of sympathy for Mr W's position he found himself in – which I want to stress was absolutely no fault of his own, I can't say that Barclays acted other than I would expect them to act in these circumstances. It is only now that it's clear no fraud impersonation has taken place that they are able to reveal what happened.

When Barclays received the notification from the third party lender, this is why they restricted the account, and stopped payment tools such as his card in line with the terms and conditions of the account. Again, I'm very sympathetic to Mr W's situation not being able to pay for things and finding out about the restriction the way that he did. But I can't say that Barclays made an error here.

And as the third party lender raised a claim to receive the funds back, Barclays were obliged to pay these back to the third party lender. And based on what happened here, Barclays were going to close Mr W's accounts, which they didn't need to give him notice for based on the reasoning for this as the terms and conditions allowed them to do this. I've noted everything Mr W has said about how this impacted on him, but I can't reasonably hold them responsible for the error the third party lender made, as if this didn't happen, Barclays would have had no reason to restrict Mr W's account, pay the funds to the third party lender who asked for them, and close his accounts.

I know Mr W has said something similar happened in the previous year, and while I can't look into this as part of this complaint for the reason I mentioned earlier, each request would need to be dealt with under its own merits, so whether Barclays had seen a similar situation before or not should not affect any of the action taken, especially when it comes to suspected fraud.

But there were times where Barclays let Mr W down which was their error. For example, not responding to the information Mr W gave them, and him having to chase Barclays up. After Barclays had agreed to cancel their intention to close his accounts, there was an error which meant the accounts were set to close again, which Mr W had to get involved to sort this out. This resulted in his accounts being reopened a day later than when he was told they would reopen.

Barclays have offered Mr W £150 compensation for the distress and inconvenience they caused him. Ultimately, they responded how they would be expected to respond once they received the information from the third party lender and Mr W will need to reclaim the funds from the third party lender if he hasn't done so already. I must make Mr W aware that our awards are not designed to punish a business. I'm satisfied that £150 is proportionate for the

impact of Barclays errors here, and it is in line with what I would have awarded him if Barclays had not upheld his complaint. So Barclays should pay Mr W what they offered him (less anything they've already paid), but I don't require them to do anything further.

My final decision

Barclays Bank UK PLC has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Barclays Bank UK PLC should pay Mr W £150 (less anything they have already paid him). But I won't be requiring them to do anything further.

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

Gregory Sloanes
Ombudsman