

The complaint

Mr and Mrs G complain Barclays Bank UK PLC (“Barclays”) blocked their account and put it in a false overdraft position of over £500,000 without notice nor explanation. Mr and Mrs G also complain that Barclays provided them with poor customer service.

Mr and Mrs G say this matter has caused them substantive distress and inconvenience for which they should be compensated.

What happened

In early November 2022, Barclays initiated a review of Mr and Mrs G’s account. It attempted to call them as part of this review on two occasions but were not able to make contact. Mr and Mrs G say they were on holiday at the time, and they disabled their phones to take such calls to avoid international roaming costs.

On 25 November 2022, Barclays blocked Mr and Mrs G’s account. It also placed the account in a false overdraft position of a little over £500,000.

When Mr and Mrs G were unable to access their account, they contacted Barclays by phone and through its in-app chat function. Mr and Mrs G say Barclays were unable to explain what had happened in relation to their account being blocked and the false overdraft position. They were only told Barclays was complying with its legal and regulatory obligations, and it cannot give any more information.

Mr and Mrs G say that the account being overdrawn by over £500,000 made them think they had been the victims of fraud causing them significant panic and distress.

Mr and Mrs G say the last three days of their holiday was ruined by Barclays’ actions, and they were getting little information from Barclays about what was going on. Mr and Mrs G also contacted the police because they thought they’d been the victim of fraud.

On 28 November 2022, Mr and Mrs G returned from holiday. They contacted Barclays and say they were told their account was under review, but the agent was unable to say anything about the £500,000 overdraft position. Mr and Mrs G say they were also worried about regular payments like direct debit payments not being made and were told by Barclays they’d have to make alternative arrangements.

Mr and Mrs G say they also went to a branch and were equally not told anything about what was going on. Mr and Mrs G also say they met with the police about fraud being committed against them.

Unhappy with Barclays’ actions, Mr and Mrs G complained.

On 8 December 2022, Barclays sent Mr and Mrs G it’s final response to their complaint. Barclays didn’t uphold Mr and Mrs G’s complaint. In summary, Barclays said:

- It apologised for any problems Mr and Mrs G experienced whilst the account was restricted, and their funds being removed with the narrative ‘to reconcile’

- As a regulated business, Barclays is subject to certain regulatory obligations which require it to withhold transactions and its services, and at times block accounts
- The funds have now been returned to Mr and Mrs G's account
- Barclays hasn't made any error

Mr and Mrs G say they also received a call from Barclays that day explaining that its review had now been completed. But it couldn't tell them anymore.

The following day, on 9 December 2022 Barclays sent Mr and Mrs G a letter saying it had decided to close their account with immediate effect. Mr and Mrs G say they were also told they would need to go into a branch to withdraw their funds but had problems doing so as their local branch didn't have a counter. So they had to travel much further to one that could.

Mr and Mrs G say they were able to withdraw their funds on 19 December 2022 but were told it had to be in cash and not by bank transfer as they wanted.

Mr and Mrs G's complaint about the closure of the account and difficulties in withdrawing their funds has been treated as a separate complaint by Barclays and they've been sent a separate response about this. These complaint points won't be considered in this decision.

One of our Investigator's then looked into Mr and Mrs G's complaint. They recommended the complaint is upheld in part. In summary, some of their key findings were:

- Barclays has legal and regulatory obligations to meet which can mean it has to review and sometimes restrict its customer's accounts. Because of this Barclays did nothing wrong in reviewing and restricting Mr and Mrs G's account and withholding their funds
- They can't give Mr and Mrs G the full reasons for Barclays' actions, but having considered the information provided, it acted fairly
- Mr and Mrs G's direct debits not being paid would have caused them inconvenience. But when an account is restricted in this way, they don't need to be honoured. So as the review of the account was done fairly and in line with the terms of the account, Barclays hasn't made an error in not paying any regular payments
- Barclays didn't cause any avoidable delays with its review which lasted 12 days. This was a reasonable amount of time in the circumstances
- Barclays put the account in an overdraft position of over £500,000 as an internal marker. This is its usual process, and it hasn't adversely impacted Mr and Mrs G's credit file. But Mr and Mrs G were not told this from the start, and it's clear from the calls they were very worried about this. Though it might be Barclays' usual process, such a marker isn't necessary or reasonable. This would've caused Mr and Mrs G worry and upset for what they believed was criminal activity committed against them. Barclays should pay Mr and Mrs G £100 compensation for the distress and inconvenience this caused them
- After listening to multiple calls, our Investigator had no concerns with how Barclays' staff spoke to Mr G. Barclays didn't do anything wrong in providing limited information – which was in line with the terms and conditions of the account. They were satisfied Mr and Mrs G were spoken to in a professional manner

Barclays agreed with what our Investigator said. Mr and Mrs G didn't agree. In short, they said:

- They require an explanation for why a more detailed reason can't be given for Barclays' actions
- Saying Barclays didn't cause a delay by conducting its review in 12 days is because of the benefit of hindsight. But Mr and Mrs G were not given any definitive timescale whilst the account was restricted. And were also told at that time there was no timescale
- On one particular call when Barclays staff called to say the review was over, Mr G challenged the individual for their poor tone and attitude for which they apologised. So Mr and Mrs G maintain Barclays' staff's attitude and tone was unacceptable

In response, our Investigator explained some of the information Barclays has provided has been done so in confidence and its commercially sensitive. And that Barclays couldn't have given them a definitive timescale at the time the restrictions were in place as each review is different. But after checking the timeline of events, they were satisfied no unnecessary delays were caused by Barclays.

Our Investigator also explained they had listened to the call Mr G specifically referenced – and they were satisfied it was conducted professionally.

As Mr and Mrs G still didn't agree with what our Investigator said their complaint has been passed 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.

Having done so, I've decided to uphold this complaint in part. Much of what I'm about to say will no doubt disappoint Mr and Mrs G, so 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 Mr and Mrs G and Barclays have said before reaching my decision.

Account restriction

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.

I note that when reviewing Mr and Mrs G's account, Barclays attempted on two occasions to contact Mr and Mrs G by phone. Unfortunately, Mr and Mrs G couldn't answer the calls as

they were away on holiday abroad. Nor were they able to respond to the voicemails they were left. Mr and Mrs G have explained why they weren't able to receive these calls – and I think this is totally understandable and plausible.

But as Barclays didn't hear from them, it decided to restrict their account as part of its review. Given the legal and regulatory obligations it must follow, and as it wasn't able to get the information it needed at the start of the review, I'm satisfied Barclays did nothing wrong in restricting Mr and Mrs G's account.

This meant the account activity was frozen, leading to any regular payment mandates not being made. Mr and Mrs G were aware of this and have said they were able to use funds in an external account to meet their commitments. I accept this would have caused them inconvenience, but Barclays didn't do anything wrong in restricting the account and stopping regular payments whilst it did so. So I don't think Barclays needs to compensate Mr and Mrs G for this.

Barclays has given this service information about its review and what it was doing whilst the account remained restricted. I know Mr and Mrs G would like a more detailed explanation of why Barclays acted in the way it did. But Barclays is under no obligation to do so.

I'd also add 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.

I've also carefully reviewed the timeliness of the review, and I'm satisfied that no undue delay was caused by Barclays. I also note that Mr and Mrs G say they weren't told at the time of the review was ongoing how long it would take. But it's often very difficult for a bank to do this as each review, and the resulting investigation needed, are difficult to accurately forecast in terms of how long they'll take.

False overdraft position

Upon noticing their account was in overdraft for a little over £500,000, Mr and Mrs G say this caused them acute anxiety to the extent that they thought they had been the victims of fraud. Mr and Mrs G spent the next few days trying to find out from Barclays what was going on with regard to this, and even reported and met with the police to report fraud against them.

Barclays say its internal processes means it must affect an overdraft on the account in the way it did. Having listened to the calls between Barclays' staff members and Mr G, I note that for the first few days he wasn't given any indication as to why their account was overdrawn in the way it was. But he was later told it was something Barclays had done as part of its internal process, and it wouldn't adversely impact Mr and Mrs G.

I accept that upon discovering you may be liable for half a million pounds would be incredibly distressing and would cause significant alarm. And I think Mr and Mrs G acted reasonably upon discovering this.

Barclays say its internal systems and processes meant it had to affect this overdraft. That may be the case, but I think from what I've seen it ought to have done more to let Mr and Mrs G know this was part of its account restriction process much sooner to alleviate the understandable shock and anxiety it caused them.

Having said that, Mr and Mrs G would have been assured by their interaction with Barclays'

staff a few days later that this wasn't the case. So any compensation I award for this will take that into account.

Given the impact this had on Mr and Mrs G, I'm satisfied £100 is fair compensation.

Customer service

I'd like to assure Mr and Mrs G that I've listened to the calls Barclays have provided between them and its agents. Having done so, I can understand why Mr G on occasion was quite frustrated about the limited information he was being given. But I haven't heard anything that persuades me that Barclays' staff treated Mr G in an unprofessional manner and displayed a poor tone and attitude sufficient for me to consider compensation.

There are times when, especially in the call Mr G has identified, where the conversation gets unconstructive. But I'm persuaded that this was because Barclays staff didn't give the detailed explanation Mr G wanted. And I've already said they weren't obligated to do and were doing so in line with the obligations they must follow.

So I don't think Barclays need to compensate Mr and Mrs G for poor customer service.

My final decision

For the reasons above, I uphold this complaint in part. Barclays Bank UK PLC must now pay Mr and Mrs G £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 5 February 2024.

Ketan Nagla

Ombudsman