

The complaint

Miss N complains that Barclays Bank UK PLC blocked her account. They removed the funds from her account. Miss N says she was stressed by the block and the removal of funds – she would like compensation.

What happened

I am aware that Miss N has another case with our service regarding the closure of her account which will be dealt with separately.

The facts which led to Miss N bringing her complaint to our service are well known to both parties, so I am not repeating them in full here.

In summary, Miss N had a current account with Barclays. Miss N paid a large amount of cash into the current account. In late August 2022 Barclays carried out a routine review of the account and requested Miss N contact the bank. On 9 September 2022 the current account was blocked for review. Barclays removed the balance from the account some £55,000 and marked the account “to reconcile”.

Miss N says as a result of the block she has suffered stress. She wasn't told about the block. She went into branches to try and sort it out. She was concerned that the communication she was getting via text messages from Barclays may be a scam. She was concerned that her money had disappeared from her account. She was anxious when she saw a text suggesting she owe the bank over £400,000. She missed bill payments and had to take time and effort to sort out her bills and arrange for payment because the account was blocked. Miss N says she was told in branch not to worry about the account review.

One of our investigators looked at the complaint she thought Barclays had done nothing wrong when they reviewed and blocked the account. The removal of the funds were part of the process that Barclays follows when they review an account, so she didn't think Barclays had acted unfairly. As Barclays hadn't made an error when reviewing and blocking the account, the investigator didn't award compensation.

Miss N was unhappy with the view. As there was no agreement 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'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 Miss N and Barclays have said before reaching my decision.

I'll start by setting out some context for the review of Miss N's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations.

Barclays has important legal and regulatory obligations to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarized as a responsibility to know its customer, verify their sources of income, as well as detect and prevent financial crime.

Barclays will review accounts to comply with its responsibilities. And its common industry practice for firms to restrict access to accounts or remove funds to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. I know Miss N was concerned that her funds were removed from her account and her account was showing as over £400,000 overdrawn. But as I've said this is part of Barclays process when blocking an account and carrying out a review. I find Barclays acted fairly by blocking Miss N's account and didn't need to tell her the full reasons behind its decision.

I am aware Miss N says she wanted to be given notice that Barclays intended to block her account, but Barclays don't need to tell her this and they haven't acted unfairly in not doing so.

Barclays blocked the account from 9 September 2022 to 22 September 2022. I have looked at the evidence and I'm satisfied Barclays didn't cause any delays when they blocked the account.

Miss N said she wanted compensation for the time she was without access to her money. She says she suffered a lot of stress and spent time and energy arranging for her bills to be paid in a different way as her account was blocked. I appreciate that Miss N had a stressful time and ended up expending a lot of energy trying to get her bills paid on time during the block period. However, as I've said Barclays is entitled to block the account and didn't do anything wrong when it removed the funds from her account during the block, so I won't be awarding compensation for this although I recognise Miss N was inconvenienced by the block.

Miss N has said she is unhappy she was told not to worry about the review when she went into branch. As I've said reviews of accounts are carried out regularly by banks to comply with their legal obligations. Although I appreciate the concern Miss N had, I think the bank was trying to reassure her that the review was routine. So, I don't think they did anything wrong in saying this.

In summary Although I accept that the block had an impact on Miss N, I think Barclays acted fairly when they reviewed and blocked Miss N's account and I don't think they need to do anything here.

My final decision

For the reasons stated above I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 28 December 2023.

Esperanza Fuentes
Ombudsman