

The complaint

Mr A complains on behalf of his business, T, that Barclays Bank UK PLC blocked and then closed his business accounts. He also says Barclays unfairly placed a Credit Industry Fraud Avoidance System (CIFAS) marker against his name. He wants Barclays to compensate him for the distress and inconvenience this caused him and his business.

What happened

Mr A had personal and business accounts with Barclays. This decision will focus on Mr A's complaint regarding his business accounts. Mr A's complaint about his personal accounts will be addressed in a separate decision.

On 23 October 2018, a payment of £5,900 was made into Mr A's personal current account, which he spent the following day. On 24 October 2018, Barclays were contacted by another bank which said their customer hadn't authorised the payment of £5,900 into Mr A's account and they'd been the victim of fraud.

Barclays decided to review Mr A's accounts. Whilst it completed its review, Barclays restricted Mr A's access to all his accounts. Following its review, Barclays decided to close Mr A's accounts immediately. Barclays also recorded a CIFAS marker against Mr A.

Barclays didn't ask Mr A any questions about the payment of £5,900 before making the decision to close his accounts and apply the CIFAS marker. Mr A complained to the bank and explained that the money was paid into his account after he'd sold a car which he'd advertised. And he said he had no idea that the funds were fraudulent.

Barclays said it hadn't done anything wrong when it reviewed Mr A's accounts and had completed the review within four days. And said it had closed Mr A's accounts because he was using his personal account for business purposes. But after it had spoken to Mr A and found out more about the payment of £5,900 from him, Barclays agreed to remove the CIFAS marker.

Mr A wasn't happy with the bank's response. He said Barclays took too long to complete its review and release his money. He says because of the CIFAS marker he had trouble opening accounts with other banks, all of which were closed soon after he'd opened them, which caused a good deal of inconvenience to his business.

He explained that although he was able to take card payments from customers, he wasn't able to access these funds until he managed to open a business account in early January 2019. So, he wasn't able to pay for new stock and missed out on orders he'd placed, which meant his business lost out on sales over the Christmas period. He's also said that he fell into rent arrears on his shop premises.

Mr A said because of Barclays' actions his mental health and well-being suffered. He's explained that he had to visit his doctor because he felt so unwell due to the stress and anxiety of the situation. And he had to spend quite a bit of time trying to sort things out with

the bank. He wants Barclays to pay compensation for the trouble, upset and financial losses he's suffered.

An investigator looked into Mr A's complaint. She thought Barclays was unfair when it applied the CIFAS marker. And said it hadn't carried out any investigation to make sure the marker was applied correctly. She also said Barclays should've given Mr A more notice when it closed his accounts. And that Barclays should pay Mr A £300 compensation for the inconvenience this caused him. Barclays agreed. Mr A didn't. He said £300 compensation doesn't reflect that amount of anguish and upset he's been caused. He wants more money.

As no agreement could be reached 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've noted what Mr A has said about Barclays' failings and the level of compensation he believes he should be paid. But this service is not the banks regulator. It's not for me to fine a financial business, and the rewards I make are not intended to be a punishment. I look at the individual circumstances of a complaint and make an award that I think reflects the impact the bank's mistake has had on its customer.

I'll deal first of all with Barclays' decision to restrict Mr A's access to his accounts. All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Banks are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to review and sometimes block customers' accounts.

Barclays blocked Mr A's access to his accounts while it investigated the concerns expressed to it by the other bank. Having looked at all the available information I don't believe it was unreasonable in the circumstances for Barclays to have acted in the way it did. Barclays explained that this was its standard procedure and it's in line with what most banks would do in the same situation. And it enabled Barclays to consider how best react to the report it had received. So, I can't say it has done anything wrong. The terms and conditions of Mr A's accounts also permit Barclays to review an account.

Mr A has said Barclays took too long to complete its review. Barclays started its review on 24 October 2018. I can see that following this, Mr A contacted the bank and let them know that the block was causing his mental health to suffer. From looking at Barclays' complaint notes, I can see Barclays reacted positively to what Mr A told them about how he was being affected and sped things up. It completed the review on 31 October 2018 – which was within a week. I don't find this to be an unreasonable length of time. And I'm satisfied that the bank completed its review in a timely manner.

CIFAS marker

Barclays says it applied the CIFAS marker because it received a report from another bank which said their customer didn't authorise the payment of £5,900 into Mr A's account. So, I've looked at whether Barclays were fair to apply the marker, based on the evidence it had, the investigation it carried out. And what the rules say about applying such markers.

CIFAS principles say that members (such as Barclays) should only record information of the type recorded against Mr A's name if there are reasonable grounds to believe that a financial

crime has been committed and that the evidence is such that the matter could be reported to the police.

CIFAS guidance also says the business must have carried out checks of sufficient depth to meet the burden of proof set by CIFAS. I haven't seen any evidence that Barclays contacted Mr A at the time and asked him for information about the payment of £5,900. Barclays didn't speak to Mr A until 14 November 2018, which was *after* it had applied the marker against his name. And it chose to rely solely on the report from the other bank to apply the marker, which it was entitled to do.

However, had Barclays spoken to Mr A *before* applying the marker, I think it's unlikely they would've applied it as there was insufficient evidence to report the matter to the police. I say this because the payment was for a car Mr A had sold and there's no evidence Mr A knew he'd been paid with fraudulent funds. So, I agree with the investigator that it was unfair of Barclays to apply the marker.

After Barclays spoke to Mr A about the payment, it removed the marker. But due to the time that has now passed the bank can't say when this was done. Mr A also can't provide any information about when this is likely to have occurred. However, Mr A has provided evidence of other banks closing accounts he'd opened between 6 and 9 November 2018, and that he managed to open another business account in early January 2019. I've also kept in mind that it normally takes between 4 and 8 weeks for a marker to be removed. So, I think it's likely that the CIFAS marker had been removed at the latest by January 2019.

Mr A has written comprehensively about the impact of the CIFAS marker being recorded had on him and his business. I also note what Mr A says about how inconvenient and time consuming it's been to sort this matter out.

Mr A has provided evidence to show that after making at least four account applications with other banks, all the accounts were closed. I've noted that one of the banks Mr A tried to open an account with, let him know about the CIFAS marker and how long it takes to be removed. It's standard procedure for banks to carry out checks following an application, which includes checks with credit reference agencies. So, I think it's likely that the trouble

Mr A experienced trying to open other bank accounts was because of the CIFAS marker Barclays recorded against him. And I accept that this would've caused Mr A and his business inconvenience.

Mr A has explained that although he was still able to run his business without a bank account and took cash and card payments from customers, he couldn't access the money in his merchant acquiring account because he didn't have an account for his provider to pay the money from card payments into. Mr A says as a result he wasn't able to pay for orders of stock he was expecting. And suppliers released his reserved stock to other shops. So, he says he missed out on being able to buy the 'best sellers' for Christmas, which he says caused a loss to his business.

As I've explained above it's normally the role of this service to try and put a consumer back in the position, they would've been had the bank not made errors – in this case Barclays unfairly applied a CIFAS marker. Our investigator has asked Mr A for evidence of cancelled orders, loss of stock and profits. But Mr A hasn't been able to provide anything. So, whilst I sympathise with Mr A's frustration with his stock supply, I don't agree that Barclays can be held responsible for any lack of profit or loss of stock. I say this because I haven't seen any evidence that Mr A had any contracts of sales or orders in place. So, I can't say Mr A lost out.

I then turn to Barclays decision to close Mr A's business accounts. As the investigator explained, it's generally for banks to decide whether or not they want to provide, or to continue to provide banking facilities to a customer. Unless there is a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

Banks should however, give reasonable notice before closing an account. Usually, that means 60 days, but it can be less – depending on the circumstances. The purpose of giving notice is to allow the account holder to make alternative banking arrangements. In this case, Barclays closed Mr A's business accounts immediately.

Barclays has set out its reasons for closing Mr A's accounts. In summary this was because Barclays made a commercial decision it no longer wanted Mr A as a customer. But for the reasons I've already explained, in my opinion, none of the reasons Barclays have given meet the criteria set out in the terms and conditions to close the account without notice.

Under the terms and conditions, Barclays can close an account for any other reason. The terms say that Barclays would provide two-months' notice. I think the reasons Barclays has provided for closing Mr A's account fall under this category. So, Barclays should've given

Mr A two months' notice before closing his account. This would've allowed Mr A to continue using his accounts until the CIFAS marker was removed, and he'd managed to open another account – which he did in January 2019. So, I'm satisfied Mr A was caused inconvenience by the immediate closure of his business accounts.

The only remaining matter for me to decide is how much compensation is fair. From what Mr A has said I don't doubt that the marker recorded by Barclays and immediate closure of his accounts has caused Mr A's business inconvenience. And while I appreciate Mr A won't agree, having looked at all the evidence, I think £300 is a fair award. In making this award I've noted that Mr A was able to open another account reasonably quickly and his business continued to trade. I've also kept in mind that Mr A hasn't provided any evidence of his business losses or rental arrears.

In summary, I think Barclays should pay Mr A £300 compensation because they didn't carry out sufficient checks before applying the CIFAS marker. And they should have given Mr A more notice when it closed his accounts.

Putting things right

I uphold this complaint. Barclays Bank UK PLC should put things right by paying Mr A £300.

My final decision

My final decision is that I uphold this complaint. Barclays Bank UK PLC should put things right by paying Mr A £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 29 May 2020.

Sharon Kerrison
Ombudsman