

## **The complaint**

Mr B complained about Barclays Bank UK PLC. He'd been a victim of identity theft, with a fraudulent Barclays account set up in his name, and a debt incurred on it. Barclays said it had closed the fraudulent account, but around 18 months later, Mr B was contacted again about the debt by a debt collection firm.

Mr B wants more compensation than Barclays has offered him.

## **What happened**

In 2018 / 2019, Mr B was a victim of identity theft and a Barclays account was opened in his name by the fraudster. Barclays investigated Mr B's complaint. In its final response letter in September 2019, it told Mr B it had closed his account, and had notified the fraud prevention agency CIFAS that he'd been a victim of fraud. It also said it had sent a request to cleanse Mr B's credit file. Barclays paid Mr B £600 compensation, which it said was for having allowed the fraudulent account to be opened; an error in not removing a detrimental marker; Mr B's time on the phone and in a branch; the earlier complaint not being worked properly and for not meeting its complaints timescale.

At that time, Mr B contacted this service, which considered that Barclays' £600 compensation payment had been fair and reasonable.

On 7 December 2020, Mr B received a letter from Barclays, which told him that the debt on the fraudulent account had been sold to debt collectors. He also had a letter from the debt collectors. Mr B was unhappy that the fraudulent debt had been sold on to the debt collectors. He was also unhappy because the letters had been sent to his current, correct address, not to the address which had been used for the fraudulent application.

Mr B contacted the debt collectors, who told him that it had carried out a trace in order to find his address. He complained to Barclays.

In late January 2021, Barclays spoke to Mr B. It said it would buy back the debt from the debt collection agency, and couldn't change his credit file until after it had done that, or the problem might recur again. Mr B was unhappy with how long this was taking. And he asked why Barclays had attached his genuine details to the fraudulent account which it had then sent to the debt collectors.

Barclays replied to Mr B's complaint on 11 February 2021. It said it had closed the fraudulent account in summer 2019, but it had re-opened it to record the fraud impersonation – and then hadn't closed it again. This was why the account had been sold to the debt collectors. Barclays said that no adverse credit file information had been recorded, but if Mr B was still seeing adverse credit file information, he should send Barclays a copy. Barclays offered Mr B £100 compensation, saying that although it acknowledged the upset caused, it must stress that payments for compensation were designed to be modest.

Mr B wasn't satisfied with the compensation, or the explanation for why his genuine address had been linked to the debt. He felt that Barclays' staff hadn't done their job properly in closing the account initially as he'd been promised. He said that it had initially taken Barclays a long time to agree the account was fraudulent when he'd first reported it, and to rectify his credit file. He was unhappy that after all his efforts to resolve this, he'd been chased again many months later for a debt that wasn't his. And he believed Barclays had linked his correct address to the fraudulent debt.

He complained to this service.

Our investigator contacted Barclays to ask why Mr B's correct address had ended up on the letter which Barclays had sent, on its headed paper, to Mr B about the debt. Barclays replied that the correct address had been provided directly by Mr B when he'd first reported the problem in July 2019.

In her view, the investigator acknowledged that linking Mr B's genuine address to the debt shouldn't have been done. But Mr B's credit file hadn't been affected, and she couldn't re-visit the compensation for the original complaint. She thought that £100 extra compensation was fair and reasonable for the trouble caused by the new issues.

Mr B didn't agree. He said that:

- the compensation didn't reflect the distress he'd suffered;
- he was unhappy that the investigator hadn't been willing to consider the matters around the first complaint about the fraud. He said that what had happened was a wound which had been re-opened, causing additional upset, and he was now stressed by talking about it;
- he'd spent hours trying to resolve the issue. He'd phoned all the credit reference agencies to see if he'd been affected, as well as the time speaking to the debt collectors and to Barclays;
- he didn't accept that Barclays didn't know how his correct address ended up on the letter about the fraudulent debt. Mr B believes Barclays must have a record of how the address was authorised to be on that account.

Mr B asked for an ombudsman decision.

### **my provisional findings**

I issued a provisional decision on this complaint. Before doing so, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

This complaint relates to the amount of compensation which would be fair and reasonable for the events after Mr B's previous complaint, which was finalised in 2019. In my provisional decision, I explained that I couldn't revisit that complaint. But what I could do was to consider the impact on Mr B of finding out that Barclays hadn't closed the fraudulent account as it had promised, and the impact on him of the events which happened as a result of that failure.

#### *Barclays' failure to close the fraudulent account*

Barclays' September 2019 final response letter confirmed that it had closed the fraudulent account. So Mr B would have expected that he wouldn't have any more trouble. I accepted that it had been a great shock to him to receive a letter from debt collectors over a year later, together with a letter from Barclays saying it had passed his debt to debt collectors.

As a result of Barclays' failure to close the fraudulent account, Mr B suffered a great deal of worry and upset. I accepted that the distress caused by finding out that the fraudulent account hadn't been closed after all would have brought back all the stress and worry which Mr B suffered originally – as he put it, *"like re-opening a wound."* It was understandable that he'd have become stressed and upset. It would have seemed as if the nightmare had come back and would never be solved.

To Mr B, this failure wasn't just an administrative slip, something that was enormously distressing and came out of the blue. In particular, being contacted by a debt collection firm, for money which he didn't owe, would have been very shocking and upsetting.

There were practical implications and inconvenience too. When Mr B first reported the new problem to Barclays, the bank's notes say that Mr B had been on the phone for 50 minutes, and that was just on the first phone call. Mr B also had to spend time contacting the debt collection agency. And he had to contact all the credit reference agencies too, to find out whether or not his credit file had been affected. It was some months before Barclays sent its final response saying that his credit file hadn't been affected, so Mr B would reasonably have wanted to find out for himself, rather than take Barclays' word for it. And even when he did receive the final response letter, it didn't give categorical assurance, because it said if he was still seeing the information, he should get in touch. All of this meant extra inconvenience for Mr B.

#### *The issue of Mr B's address*

The organisation which considers breaches of data protection is the Information Commissioner's Office (ICO). So I explained that I couldn't make a finding on whether or not Barclays breached Mr B's rights in relation to a potential link between his correct address and the fraudulent account. But what I could do was to consider what's most likely to have happened, and what the impact would have been on Mr B from this worry.

It wasn't clear how Mr B's correct address was linked to the fraudulent account, and the debt which was still incorrectly in his name many months after it should have been dealt with.

What Barclays originally told Mr B, and what I'd seen in Barclays' case notes, was that what Barclays passed to the debt collectors was the fraudulent address, not his correct one. Then the debt collectors had traced Mr B's current address using their normal methods. This tallied with what the debt collection firm told Mr B – that they'd traced him. This would mean that Barclays hadn't told the debt collectors of Mr B's correct address or linked it to the fraudulent account.

But when our investigator specifically asked Barclays how Mr B's address ended up on the letter sent to him about the debt in December 2020, Barclays replied, as I've set out above, that Mr B had provided the correct address directly, when he raised his original July 2019 complaint. This would mean that Barclays itself had wrongly linked Mr B's correct address to the fraudulent account.

So I couldn't tell for certain how Mr B's correct address became linked to the fraudulent account. I recognised that this was frustrating for Mr B.

But my assessment of what would be the right amount of compensation related primarily to Barclays' key error - not closing Mr B's account – rather than to the question of the address. It was this which set off the chain of worry and inconvenience which Mr B suffered. And at least the fact that the letter was sent to Mr B's correct address meant that he found out about Barclays' mistake, rather than have a debt in his name for years, which he didn't know

about. So I find that in any event, the primary matter affecting Mr B's distress was that Barclays failed to close the fraudulent account properly in 2019.

### *Compensation*

Taking all these factors into account, I didn't consider that the £100 compensation offered by Barclays fairly reflected what Mr B suffered as a result of Barclays' failure properly to close the fraudulent account as it had promised. I considered a fair and reasonable figure would be £250.

I also said that it appeared from the file that Barclays hadn't yet paid Mr B the £100 it offered, because he didn't accept it, so I asked both sides to confirm the current position in their responses to the provisional decision.

### **responses to my provisional decision**

Mr B said that he'd have liked more compensation, but he accepted the provisional decision.

Barclays accepted the provisional decision.

Neither side confirmed whether it was accurate that Barclays hadn't yet paid Mr B the £100 it had offered.

### **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 reconsidered all the available evidence and arguments. Having done so, and taking into account the parties' responses, I consider that my provisional decision was fair and reasonable.

### **My final decision**

My final decision is that I uphold this complaint and I order Barclays Bank UK PLC to pay Mr B £250 compensation for the distress, worry, and inconvenience which it caused him.

As I set out above, it isn't clear whether or not Barclays paid Mr B the £100 it offered. If it has paid him £100, that leaves £150 still to pay. If it hasn't, the full £250 is still to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 January 2022.

Belinda Knight  
**Ombudsman**