

The complaint

The estate of Mr S, represented by Mr W and Mrs S, complains that Barclays Bank UK PLC unfairly withheld money from an account.

What happened

In July 2020, Barclays blocked the late Mr S' accounts. At the time of the block, the accounts held £40,000 in the current account, and around £7,250 in the savings accounts.

Barclays made the decision to close the accounts and issued a one-day notice to close letter in August 2020. Despite this, they continued to withhold the money from both accounts.

Mr W and Mrs S are executors of the estate of Mr S, and therefore feel they should have had access to the money held within the accounts. They say not having access to the money has meant they were in breach of their duties as executors and have received threats of legal action from the beneficiaries of the funds. Mr W and Mrs S say this overall situation has caused a lot of stress and anxiety for them as individuals.

In September 2020, Barclays informed Mr W and Mrs S they were returning the £40,000 current account balance back to the original source.

Mr W and Mrs S referred the complaint to our service. Following our involvement, Barclays agreed to release the £7,250 to Mr W and Mrs S.

Our investigator upheld the complaint. He said, based on what Barclays had told him, they were entitled to return the £40,000 back to the original source. But he thought the £7,250 should have been released to Mr W and Mrs S. He asked Barclays to return the money to them and include 8% simple interest.

Mr W wasn't happy with our investigator's view. He thought the 8% interest should be paid monthly – rather than annually, and he wanted compensation.

Barclays responded and didn't agree to pay 8% interest. They explained the £7,250 was held in a savings account with a 0.01% interest rate. So, they thought this interest amount would be more appropriate in the circumstances.

As an agreement couldn't be reached, the 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.

I've noted that Mr W and Mrs S feel very strongly about what's happened – especially in relation to the impact this overall situation has had on them, and their surrounding families. Like the investigator, I've considered all of these points, but I don't believe it's necessary to address each and every point that Mr W has made in order to meet my statutory duty to determine this complaint. I'm required to do that with minimum formality, and so I'll address

the issues that I consider to be the most important. I do stress however that I've considered everything that Mr W, Mrs S and Barclays have said before reaching my decision.

I would add too that while I'm sorry to hear of the personal distress and upset this situation has caused Mr W and Mrs S, the rules of our service mean that they can't complain about any matters personal to them which they think Barclays are responsible for. While Mr W and Mrs S are acting on behalf of the estate of Mr S, I can only consider the impact on the estate.

The review, block and withholding the money

Barclays are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing business relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review.

Having looked at what's happened, I'm satisfied Barclays were complying with their legal and regulatory obligations when they reviewed the late Mr S's accounts. So, I can't fairly say they've done anything wrong. Barclays aren't obliged to tell a customer when they're reviewing an account – or the reasons why.

I've looked at the time Barclays took to review things. I understand the accounts were initially blocked around 9 July 2020. Barclays then made the decision to close the accounts on 4 August 2020. I am aware, however, that Mr W and Mrs S didn't have access to the money from the accounts.

Barclays informed Mr W and Mrs S in September 2020, that they would be returning the money from the current account – around £40,000 – back to the original source. While I can't share the full details of this with Mr W and Mrs S, based on the evidence I've seen, I'm satisfied Barclays took the appropriate action in the circumstances.

I haven't however, seen anything to satisfy me of why the money from the late Mr S' savings account wasn't released to Mr W and Mrs S. Since our service's involvement, Barclays have agreed to release the money – but I think this could have been done sooner. And therefore, I think Barclays need to do something to put things right.

The closure and reasons

Banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. I'm satisfied Barclays complied with the terms and conditions when closing the late Mr S's accounts. This service won't generally intervene in a bank's commercial discretion unless there is evidence of a clear error being made. While I'm aware Barclays hasn't shared the reasons for their decision, I've reviewed their reasons and I've seen nothing to suggest Barclays have made an unfair decision.

Putting things right

Overall, I consider that Barclays have acted fairly when returning the £40,000 from the late Mr S' current account, back to the original source. I do, however, think they should have released the money left in the late Mr S' savings account sooner than they did. And to recognise the loss of use of the funds, I consider interest should be paid on this amount.

I've thought carefully about the appropriate level of interest. I appreciate Mr W, on behalf of him and Mrs S would like compensation. However, I've explained that our rules don't allow me to consider the impact this situation had on him and Mrs S as individuals. That's because

they weren't the consumers of Barclays in relation to this complaint – the consumer here is the estate of Mr S.

Mr W has also asked that the interest be paid monthly, rather than annually. We award 8% simple interest a year for a few reasons, including that it's the current rate on judgment debts; and people often have to pay a higher rate than this is they've borrowed money to cover a loss – for example on a credit card. So, while I recognise Mr W isn't happy with this amount, I haven't seen anything to satisfy me that a higher amount, or different award is appropriate in the circumstances.

I've also thought about Barclays' argument where they rightly pointed out that our usual method of redress concerning savings accounts would be to use the interest of the savings account. This is a fair reflection of what the money would have earned. However, the savings account was how the late Mr S chose to invest his money. As we're talking about the estate here – the money would have never remained in that savings account and therefore I think it's only fair to consider the loss of use of the funds for the estate. If the money was able to be withdrawn when it should have been – the beneficiaries would have been able to make use of the money. That wasn't able to happen, and that was due to Barclays' actions. Therefore, having considered everything fully, I consider the fair settlement is to honour the 8% simple interest.

My final decision

For the reasons I've explained above, I uphold this complaint.

To put things right, Barclays Bank UK PLC should:

- Refund the outstanding amount left in the late Mr S' saving account to the estate.
- Calculate interest at 8% simple per year on the full amount they withheld from the estate. They should calculate this from 9 July 2020, up to the date they refund it.
- HM Revenue & Customs requires Barclays Bank UK PLC to withhold income tax from the above-mentioned interest. Barclays should give the executors of the estate a certificate showing how much is taken off if they ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr S to accept or reject my decision before 15 March 2022.

Hayley West
Ombudsman