

The complaint

Miss M is unhappy that Barclays Bank UK PLC closed her bank account and applied a fraud marker against her name. She's also unhappy it won't return payments to her that she says she was coerced into making.

What happened

In September 2020, Miss M had £22,400 transferred to her account which she says was repayment for a loan to her friend.

Miss M says that as the friend was close to her, they had her online banking details. After making the transfers into her account, the friend then accessed her online banking and transferred the amount they'd paid her out of the account. Miss M says that her friend told her that they'd done this as they'd owed other people money and would repay her the amount owed in a separate transaction.

The bank stopped the payments as it deemed them to be suspicious. Miss M was instructed to attend the bank with identification to release the funds, which she did. Miss M never received the money her friend owed her back.

Later, Barclays received a report from the bank that'd sent the original £22,400 to Miss M's account informing it that the funds had originated from fraud. Barclays placed blocks on Miss M's account and looked into the account activity. Having done so, it deemed her to be a risk to the bank and closed her account with immediate effect. It also loaded a fraud marker against her name to the Cifas database.

Miss M was unhappy with Barclays actions and told it that she wanted the money she was owed repaid to her account. She admitted to attending the bank and authorising the payments, but said she was being coerced by her friend to do so.

Barclays reviewed Miss M's complaint and partially upheld it. It said that the account closure was in line with its terms and conditions and didn't uphold this element of Miss M's complaint. But it did find the loading of the Cifas marker unfair. It pointed out the Miss M had put it on notice that she'd been coerced into accepting the money and decided to remove the marker and pay £200 in compensation.

Miss M remained unhappy with the way in which Barclays treated her, so she came to our service to look into things again. An Investigator considered the evidence provided by both parties but concluded that Barclays had acted fairly. They said:

- Miss M had allowed a third-party to use her account which is a breach of its terms and conditions.
- The account closure was in line with the terms and conditions and deemed fair.
- The Cifas marker was removed quickly and didn't appear to have had any material impact on Miss M.
- The £200 paid is fair when considering the above factors.

Miss M was unhappy with the Investigator's assessment. She said that the money transferred to her account was owed to her by a friend and she wanted this money returned to her as she was pressured to send it back out of her account. However, the Investigator responded to this point informing Miss M that as the funds had originated from a victim of fraud, it wasn't appropriate for Barclays to reimburse them to her.

Miss M continued to disagree with this point and said that the Cifas marker had a severe impact on her health and ability to obtain any other financial products.

As Miss M was unhappy with the Investigator's response, the matter has now been passed to me to make a final decision.

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.

Barclays has decided to remove the Cifas marker it placed against Miss M, so I don't think it necessary to comment on this point further. However, I will comment on the outstanding issues Miss M remains unhappy with.

Account closure

Businesses have the right to terminate an account held by a consumer, as long as it has done so in a fair and reasonable way. The reasons for this may include, but are not limited to, a breakdown in relationship or a breach of the account's terms and conditions.

Here, Barclays has highlighted that Miss M represented a risk to the bank. It had received a report from a third-party bank that the funds entering her account had originated from fraud. This presented a risk to the bank in that the account was being used to receive the proceeds of crime and that it could be furthering the facilitation of money laundering had it allowed the account to continue operating.

Barclays has also provided our service with the terms and conditions associated with Miss M's account, which she agreed to when opening the account. In these terms, it sets out that the bank can terminate the account with immediate effect if, amongst other things, it's used to commit fraud against Barclays or someone else. As I've already highlighted, Barclays were informed that money entering the account originated from an alleged fraud. And so it follows, in line with the terms of conditions of the account, and the risk Miss M presented, I find it fair that Barclays terminated the account with immediate effect in these circumstances.

Disputed payments

Miss M has asked that Barclays repay her the money she transferred out of her account as she was entitled to these funds and was coerced into transferring them.

I'm sorry to disappoint Miss M, but I don't think it's fair for Barclays to do this. The funds that she'd transferred out of her account originated from the £22,400 alleged to have originated from fraud.

Miss M says that she was legally entitled to these funds as they were repayment for a loan she'd provided to a friend. But as I've already highlighted, the account holder from where these funds originated has alleged that they didn't make these transfers and that they were in fact fraudulent. This means that Miss M wasn't entitled to the money sent to her account

and may have been duped by her friend into receiving them.

For the above reasons, it wouldn't be appropriate for Barclays to reimburse Miss M funds that have allegedly originated from fraud. And if any decision was made to reimburse or recover funds resulting from the above transaction, this would likely be returned to the original victim of fraud.

Compensation for the impact of the Cifas loading

Barclays has already awarded Miss M £200 for the impact caused from the Cifas loading it placed against her name. While Miss M hasn't asked for more, she had mentioned on a number of occasions that she suffered stress and was rejected from a number of applications for bank accounts and credit.

Cifas markers can have a detrimental impact on a person's financial accounts and prevent further products being obtained. They can also have a wider impact on employment, physical and mental health. Here, Miss M has pointed out that the Cifas marker caused her stress; and I have no reason to disbelieve this. But she's been unable to evidence or specifically highlight any other detrimental impact caused—such as impact on her finances.

I must also consider the fact that Barclays removed the marker promptly after being made aware of Miss M's concerns meaning that it wasn't held on her file for a prolonged period of time.

The above factors combined lead me to find that the £200 paid is in line with what I'd expect for the impact caused in these circumstances. For these reasons, I won't be asking Barclays to pay Miss M any further compensation.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 20 April 2022.

Stephen Westlake
Ombudsman