

The complaint

A company, which I'll refer to as "G", complains that Barclays Bank UK PLC unfairly blocked its bank accounts.

One of G's directors, Mr B, brings the complaint on the company's behalf.

What happened

G banked with Barclays. It obtained a Bounce Back Loan of £41,000 from the bank in July 2020.

On 31 October 2020, Barclays initiated a review of G's accounts and its Bounce Back Loan application. The bank restricted access to the accounts while it did so, meaning that the company couldn't utilise the funds held therein.

Barclays lifted the account restrictions on 15 December 2020.

Barclays subsequently decided to terminate the Bounce Back Loan facility. It used the funds held in G's accounts to pay down the amount G owed. These actions are the subject of a separate complaint.

Mr B doesn't think Barclays acted fairly in blocking G's accounts without notice or explanation. He also says the bank told him the review would take 15 working days, but it ended up taking much longer. Mr B says G was left unable to trade and its inability to meet its commitments damaged its reputation. He also says that matter had a significant impact on his own health and wellbeing.

Barclays says it reviewed and restricted G's accounts in line with the applicable terms and conditions. It says it can't confirm how long such a review will take place and isn't required to give prior warning of such actions.

One of our investigators reviewed G's complaint and thought it should be upheld in part. In summary, he didn't think Barclays had done anything wrong in reviewing and restricting G's accounts or that it had taken too long to complete the review. But he did think Barclays had made an error in advising Mr B that the review would only take 15 working days. For the inconvenience this had caused, he recommended that Barclays pay G compensation of £100.

Barclays accepted our investigator's view but Mr B didn't. He didn't think £100 was fair compensation for the impact of the matter on him and the company. So he asked that an ombudsman review the complaint and it was 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.

Barclays has a number of legal and regulatory obligations to meet in providing banking services to its customers. Banks are required to keep accounts and their use under review, and may need to suspend access or services in order to do so.

In addition to its broader legal and regulatory obligations, Barclays was also expected to keep matters relating to the Bounce Back Loan under review in line with its anti-fraud requirements under the government-backed loan scheme.

The terms and conditions of G's accounts allowed Barclays to suspend its services. The bank wasn't required to notify G of this or of its decision to review its relationship with the company. So it was entitled to take the actions it did. And I think these actions were reasonable in the circumstances. Barclays had legitimate concerns over G's eligibility for the Bounce Back Loan it had obtained and which the bank ultimately withdrew, as well as similar issues with another company to which G is linked through its owners.

So I don't think Barclays did anything wrong in reviewing G's accounts and restricting the company's access to them while it did so. It follows that there is no basis on which I could require the bank to compensate the company for any impact these actions had on G.

I can appreciate Mr B's unhappiness with the time it took Barclays to complete its review, which was around seven weeks. There's no set timeframe within which a bank must complete reviews or remove restrictions. I don't think Barclays took too long to conclude its review and remove the restrictions on G's accounts in view of the circumstances.

Barclays did, though, make a mistake in advising Mr B that the review would be completed within 15 working days. That was not something it could guarantee and, in the event, it far exceeded this timeframe. I can see how this would've caused Mr B some inconvenience as, in relying on this information, he then followed up with the bank to chase progress when the 15 days were up. At the same time, I think it's highly likely he would've continued to maintain regular contact to chase progress anyway. Barclays has agreed to pay £100 compensation for the inconvenience caused by the incorrect information it gave and I think this is fair.

Mr B doesn't think this compensation is sufficient, but he's not demonstrated how the misinformation damaged the company's reputation or had any other adverse effects on its operations. And although I can appreciate that it is likely to have caused Mr B some concern personally, I can only award compensation to G – as it is the accountholder and therefore the eligible complainant under our rules. And so it is only a matter of compensating the company for the inconvenience it was caused by being incorrectly advised that the review would be completed in 15 working days, for which I think £100 is fair.

My final decision

For the reasons set out above, I uphold this complaint in part and require Barclays Bank UK PLC to pay G compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 26 April 2022.

Ben Jennings
Ombudsman