

The complaint

Ms P complains Barclays Bank UK PLC unfairly stopped her accessing funds she held in her current account and closed her account. She wants compensation for the distress and inconvenience she was caused.

What happened

Ms P let Barclays and our service know that she is a victim of domestic abuse. She believes Barclays should have released her funds and this would have helped her escape her situation. She says she was assaulted by her former partner and her vehicle was damaged in November 2021. I was very sorry to hear what Ms P says she went through, and I have borne in mind what she has said in reaching my final decision.

Ms P held a personal current account with Barclays. In late September 2021 she transferred a large sum of money to her Barclays account from an account she held with a third-party bank. Ms P is aware the third-party bank had concerns about the payment and they had contacted Barclays.

Barclays removed the sum of money in question and put it in a sundry account while they carried out a review. They restricted Ms P's account and asked her for further information about other payments she received into her account in July and August that year.

Barclays decided to close Ms P's account with immediate effect in early October 2021, but they held on to her funds which predominantly represented the large payment.

Following a prompt by our investigator Barclays reviewed their position and agreed to release the funds to Ms P in January 2022. Ms P confirmed she received her funds.

Our investigator upheld Ms P's complaint in part. They concluded Barclays were able to restrict Ms P accessing her funds so they could carry out a review. But Barclays took too long to complete their review. Ms B's third-party bank told Barclays they had no further concerns about the payment in early December 2021, which was information Barclays failed to act on. To put things right Barclays' needed to pay Ms P 8% simple interest on the funds they held from 10 December 2021 until the funds were released back to her.

Barclays agreed to our investigator's recommendation, but Ms P did not. She wanted more compensation because of the risk she was put under by not being able to access her funds. She asked for a final decision from an ombudsman, so her complaint was passed to me to decide.

I wanted to know more about what had happened during the time Ms P couldn't access the funds, as well as what information might be available to support what she had said. And, I noted that Ms P was subject to an involuntary arrangement, so it was important to see whether her insolvency practitioner had an interest in potential redress I might award.

Our investigator tried several times to get in touch with Ms P over the phone and by email, but Ms P didn't respond. They also tried to contact her IVA practitioner by email, but we

didn't receive a reply. Ms P has been provided enough time to send me further information, so I have proceeded to make a final decision based on the information I have.

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 decided to uphold Ms P's complaint, but I am not awarding her any more compensation than what our investigator recommended. I'll explain why.

Barclays have important legal and regulatory obligations to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarized as a responsibility to know their customer, verify sources of income, and to detect and help prevent financial crime. It's common industry practice for firms to restrict access to funds to conduct a review in line with those obligations - doing so helps mitigate against potential financial or other harm which might occur if there wasn't a restriction.

Barclays stopped Ms P accessing the payment and I understand their initial concern. The payment was unusually large compared to previous account activity, and they were contacted by her other bank about it. Ms P was in a very difficult situation at the time, but this didn't override Barclay's responsibility to comply with its legal and regulatory responsibilities. So, I find their decision to block her account was fair.

Barclays were entitled to request information to verify the origin of other payments Ms P had made into her account. This was again in line with their legal and regulatory responsibilities. Ms P responded to Barclays requests. But given the individual circumstances of this complaint, I understand why Barclays wanted to hear back from the third-party bank before deciding whether to release the funds. I think it was fair for them to do so. I was very sorry to hear about Ms P's former partner assaulting her and damaging her vehicle, but I am not persuaded Barclays' should have released the funds to her before these events took place.

Barclays should conduct a review and reach a decision without undue delay. After all, the longer a customer doesn't have access to funds, the greater the harm they may suffer, particularly someone who was in Ms P's position. The evidence shows Barclays failed to review the communication they received from the third-party bank that it had no further concerns in a reasonable time. And, based on when Barclays received that communication, I find they ought to have released the funds to Ms P on 10 December 2021.

I wanted to get further information from Ms P to understand what losses might have been prevented had Barclays released her funds when they should have. But she has not provided any further information, so I have been unable to draw reasonable conclusions about what further distress and problems could have been avoided. In light of this, I find 8% simple interest per annum calculated on the funds Barclays held from 10 December 2021 until they were released to Ms P is fair compensation.

I still don't know if Ms P's insolvency practitioner has an interest in this settlement. But any sum of money Ms P receives could affect the terms of her Individual Voluntary Arrangement (IVA) – so, should Ms P accept this final decision, it's really important she lets her insolvency practitioner know about the payment.

Based on the information I have seen; I find Barclays were able to close Ms P's account immediately under the account's terms and conditions.

Putting things right

Subject to Ms P accepting my decision, I direct Barclays Bank UK PLC to pay her 8% simple interest per annum on the sum of money they held from 10 December 2021 until the date they released the money back to her.

My final decision

I have decided to uphold Ms P's complaint. I direct Barclays Bank UK PLC to pay Ms P compensation according to the direction I have given above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 9 September 2022.

Liam King
Ombudsman