

The complaint

Mr K complains about Barclays Bank UK PLC decision to review and subsequently close his accounts.

What happened

In September 2018, Mr K received a large payment into his Barclays account. Mr K's mother, remortgaged a property and transferred around £150,000 from her account to Mr K's. Following this, Mr K made a number of internal transfers between his Barclays accounts. He also issued a cheque of around £20,000 to his brother.

Around October 2018, Barclays decided to review Mr K's account as they had concerns about a large transfer into the account, and subsequent movement of funds. While Barclays carried out their review, they blocked Mr K's account in its entirety. As part of their review, Barclays asked Mr K to prove his entitlement to the money which had entered his account. Mr K sent Barclays evidence showing his mother had sent him the money – but Barclays weren't satisfied. They asked where Mr K's mother had got the money from so Mr K had to spend time getting statements from solicitors to show the property transaction.

In November 2018, Barclays made the decision to close Mr K's accounts and end their banking relationship with him. Mr K's accounts closed immediately, but he still didn't have access to the money held in his account.

Barclays were unsure of where the money was located at one point which Mr K says caused him severe worry.

In January 2019, Barclays released the funds to Mr K – and he withdrew them on 14 January 2019.

Mr K complained and explained that this situation caused him a great deal of distress. He said not having access to his money, or his accounts put a lot of pressure on him and his family as they were financially dependent on him. Mr K also said he spent a lot of time chasing Barclays by making phone calls and branch visits. Mr K wanted compensation – and also wanted to know why Barclays took the actions they did. He was concerned that Barclays had made a discriminatory decision to review his accounts.

Barclays answered Mr K's complaint and offered him £650 due to the length of time it took for him to access his funds, and any interest he may have lost on them. Unhappy with things, Mr K brought his complaint to our service.

Our investigator didn't ask Barclays to do anything more. In summary, he said;

- There was nothing to suggest Barclays had reviewed Mr K's account because of a discriminatory reason. It was solely due to a large payment coming into the account, and then Mr K moving the money around.

- Barclays should have given Mr K 60 days' notice to close his account, rather than closing it immediately.
- If Barclays had given 60 days' notice like they should have, it likely would have resulted in less branch visits, phone calls etc. from Mr K.
- He recognised that at one point, Barclays were unsure of where the funds were held, but as Mr K now has access to them that point had been cleared up.
- Overall, he thought the £650 total compensation offered by Barclays was a fair amount in the circumstances.

Mr K didn't agree with things and asked for his complaint to be escalated for further review. Therefore, the decision has been passed to me to review.

I asked Barclays to clarify what the £650 compensation offer consisted of. Barclays confirmed £344.58 of this was the compensatory interest and £305.42 was for the distress, inconvenience and call costs incurred.

In Mr K's further submissions to our service, he included the main points he was unhappy about. I've summarised them below:

- Barclays not informing Mr K his account was frozen, taking longer than 10 days to review it and having to make many calls to Barclays and them not being very helpful – he says he couldn't make a complaint.
- Mr K was asked to go into a Barclays branch with two forms of ID which he did – but when he arrived, the branch staff wasn't aware of why he'd been asked to go to branch with ID. They explained he needed to supply proof of funds.
- Barclays weren't satisfied with the proof of funds Mr K supplied – they wanted to know where Mr K's mother got the money from to be able to send to him.
- Barclays made the decision to close the account prematurely and only referred to '*internal requirements*'. Mr K doesn't agree this is fair.
- Mr K was still receiving emails confirming his statements were ready to view while his account was blocked – but he couldn't log on to access his statements.
- Mr K doesn't agree the terms and conditions allow Barclays to block the account or hold on to the money in it. And he thinks they should have returned the money to him sooner than they did.
- Mr K says his credit rating declined after this issue and feels Barclays is responsible for that. He also wants to know why Barclays were happy to keep his credit card open.
- Barclays wasn't aware of where Mr K's money was at one point. Mr K says this concerned him as if Barclays went into insolvency – how would he get his money?
- Mr K wanted a copy of his statements sent in colour with a verification stamp, signature, and date.
- Mr K also asked our service to review the percentage of Barclays accounts facing internal review from particular customer groups.
- Overall, Mr K thought the compensation offered was too low.

Mr K also raised a further point relating to Barclays not removing his number from a payment application. I can't see this issue has ever been raised with Barclays beforehand,

and therefore I won't be able to comment on it as part of my findings. If this is something which is a concern for Mr K, I recommend he raise it with Barclays directly.

In March 2021, I issued a provisional decision. In it, I said;

I've noted that Mr K has made a number of quite detailed submissions. I've considered all of these, but I don't believe it's necessary to address each and every point that Mr K has made in order to meet my statutory duty to determine his 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 K and Barclays have said before reaching my provisional decision.

Barclays review of Mr K's account

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 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 was complying with their legal and regulatory obligations when they reviewed Mr K's account. So, I can't fairly say they've done anything wrong.

I appreciate Barclays didn't tell Mr K about the review – but they don't have to. As part of their review, Barclays asked Mr K for detailed information about the money in his account and where it came from – which they're entitled to do under their obligations. I appreciate Mr K feels he shouldn't have had to provide information from where his mother's money came from – and he thinks Barclays should have accepted the information he supplied initially.

Having reviewed everything, I do think Barclays requests were reasonable in the circumstances. Ultimately it is Barclays who decide what information they do or do not require as part of a due diligence review and they have a duty to protect their customer's money and understand where it came from. Because of that, while I recognise Mr K's upset around this, I can't fairly conclude Barclays acted inappropriately.

Barclays took longer than the 10 days they initially told Mr K they would take to carry out the review. I don't doubt this would have been really inconvenient for Mr K. While we don't usually state a timeframe in which a review should be completed, we would expect for it to be completed without any undue delays. From the evidence received, it appears Barclays made the decision to close Mr K's account before they finalised their review. I also recognise the inconvenience caused to Mr K to be asked to attend branch with two forms of ID and be met by branch staff who wasn't aware of why Mr K had been asked to attend. It's also apparent Mr K spent time making phone calls trying to resolve the issue. Therefore, I do find the time Barclays took to fully complete their review unreasonable and feel Mr K should be compensated for this alongside the confusion caused as part of the review.

Mr K has commented that he feels Barclays racially profiled and discriminated against him. This is a serious allegation Mr K has made, and one I've considered carefully. I'm satisfied Barclays reviewed Mr K's account due to the incoming large transfer and subsequent movements of the money. I'm pleased to see they then requested information from Mr K relating to their concerns about the incoming payment. Because of this, I've seen no evidence of discrimination being applied against Mr K for any of his protected characteristics, including his race. I hope it's reassured Mr K that somebody impartial has considered this allegation and found no evidence to support it.

I also note Mr K would like our service to investigate the percentage of accounts Barclays

has reviewed. However, my decision is limited to the circumstances of Mr K's complaint only – and therefore, I won't be commenting on anything which falls outside of this complaint.

Account closure

At times, following a review, 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. Just the same as if Mr K decided to stop banking with Barclays, he wouldn't have to explain why. However, Barclays can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Barclays have relied on the terms and conditions when closing Mr K's account. The terms explain that the bank can close the account immediately – or give notice of around 60 days.

I've considered the full circumstances of this complaint and I agree a notice period of 60 days would have been more appropriate than an immediate closure. I think the two months would have given Mr K sufficient time to make alternative banking arrangements and would have prevented him chasing Barclays for updates.

Mr K's credit rating

Mr K is concerned that following the account closure, his credit file rating declined. Mr K strongly believes this was linked to Barclays actions. I can appreciate why Mr K feels this way. However, having reviewed the full circumstances, I've seen nothing to suggest that Barclays played any part in any deterioration of Mr K's credit file so I can't fairly uphold the complaint on this point.

Access to money

Mr K couldn't access his money from around 13 November 2018 – when Barclays first blocked the account up until 14 January 2019. He says this caused him and his family significant distress as his family were financially dependent on him. While I can appreciate why Mr K sees he and his family as one and the same, I can only consider the impact on Mr K as an individual as he was Barclays' sole customer. I recognise Mr K's family members may have also held accounts with Barclays, but within the circumstances of this complaint alone, Mr K was the only account holder.

I recognise how frustrating it must have been for Mr K to realise he couldn't use his account. And I appreciate this would have put him in a financially challenging position because he didn't have access to his funds. But a bank can't always guarantee that funds in an account will be readily available as they have broader regulatory obligations with which they have to comply. Barclays confirmed that Mr K was able to access and withdraw money from his salary, so I find he had access to enough money to allow him to continue to meet basic needs.

However, I've no doubt Mr K continuing to receive emails advising him that his online statements were ready to view and then finding he couldn't access them would have been frustrating. It appears Barclays made the decision to close the account on the same day they blocked it and initiated the review, so I consider they should have stopped all other marketing and correspondence unless specifically relating to the review itself.

Mr K said he was concerned at one point when Barclays didn't know where his money was located. I haven't seen any evidence of this conversation, however, I've no doubt it would have caused concern. That being said, Barclays didn't lose Mr K's money – or become insolvent like Mr K has referred to in his submissions. I'm not able to make my findings based on hindsight and therefore can only consider what did happen. Mr K did receive his money – albeit later than he likely should have.

Mr K's credit card

Mr K is unhappy that Barclays made the decision to close his current account but keep his credit card account open. Barclays have confirmed that Mr K's credit card account was held with a different legal entity to Barclays and therefore, the two accounts are in no way linked and Barclays wouldn't have any influence on that account.

So, overall, I thought Barclays service fell short when reviewing and subsequently closing Mr K's account. I found their decision to review the account to be fair – but not their decision to close it without notice. And I thought the delays in Mr K receiving the money was unreasonable.

I thought Barclays should pay Mr K a total of £750 compensation for the distress and inconvenience caused – and pay 8% simple interest on the money withheld from Mr K in addition.

Barclays responded to my provisional decision and agreed to pay the increased level of compensation. Mr K didn't add any further comments or arguments.

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.

As neither party has raised any further arguments, or supplied any additional evidence, I see no reason to depart from my initial findings which I've explained above.

Putting things right

Barclays should recognise the distress and inconvenience they caused Mr K by closing his account without notice by paying him a total compensation payment of £750. And to recognise the time Mr K was without his money, Barclays should calculate interest at 8% simple on the funds withheld and pay this to Mr K in addition to the compensation payment.

Mr K has also asked for his statements to be sent to him in colour, with a verification stamp, signature, and date. I'm not aware of what facility Barclays has to issue a verification stamp on statements but I do urge them to supply Mr K with colour copies of his statements as he has asked.

My final decision

My final decision is that I uphold this complaint. To put things right, Barclays Bank UK PLC should:

- Pay interest at 8% simple per year on the amount they withheld from Mr K. They should calculate this from the date they blocked the account up to the date Mr K had access to the money.
- HM Revenue & Customs requires Barclays Bank UK PLC to withhold income tax from the above-mentioned interest. Barclays should give Mr K a certificate showing how much tax is taken off if Mr K asks for one.
- Pay Mr K a total of £750 compensation for the distress and inconvenience caused. If Barclays have already made a payment of £650 to Mr K following their own review of the complaint and suggestion of compensation, then they are only required to pay the

difference of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 May 2022.

Hayley West
Ombudsman