

## The complaint

Mr K complains Barclays Bank UK PLC unfairly closed his personal accounts and recorded a CIFAs marker against him. He says this caused him financial loss, including having to agree a buy-to-let mortgage with a third-tier lender, as well as considerable distress.

## What happened

Mr K also complained about how his limited company was affected by the closure of his business account and the trouble he experienced opening a business account on its behalf elsewhere. I must make clear, however, that I am only considering the loss Mr K experienced as a consumer and personal account holder of Barclays. This is because Mr K's limited company is a separate legal person to him, so its losses arise from a different eligible complainant relationship under the Dispute Resolution Rules (DISP) which set out our service's jurisdiction.

The background facts surrounding Mr K's complaint about his personal accounts aren't in dispute, so I find no need to repeat everything which happened here. But in summary:

- Mr K held personal accounts with Barclays, including a current account and ISA.
- Barclays investigated a payment Mr K received from another customer into his personal current account in November 2020. They blocked his current account, and after a review decided to close it with immediate effect. They also recorded a CIFAs marker against him. They didn't tell Mr K why.
- Mr K says the person who sent him the payment was a friend. The friend wanted to pay someone they thought was a genuine service provider and asked Mr K to forward the payment on because they had reached their daily transaction limit. The friend then came to suspect the service provider was a scammer, so they reported the matter to Barclays.
- Barclays removed the marker after Mr K contacted them following the closure of his current account. They let Mr K know it might take around a month for CIFAs' records to reflect the removal.
- Mr K applied for a buy-to-let mortgage during the time the marker was recorded. His broker could only recommend a mortgage from a more expensive lender with more flexible lending criteria. Mr K took out the mortgage however at a time when Barclays had told him they had removed the marker.

Our investigator upheld the complaint. They concluded:

- Barclays could close Mr K's personal accounts, but the terms that allowed them to close his accounts immediately did not apply, so they should have been closed according to the normal notice period.
- Barclays were right to remove the CIFAs marker, but they should award compensation for the impact the marker had on Mr K when it was present.

- They should pay Mr K £400 to compensate him for both errors.

Barclays agreed to pay £400. Mr K thinks they should pay much more. He says they should compensate him for the financial consequences which resulted from taking out a more expensive mortgage. His complaint has 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.

I have decided to uphold Mr K's complaint, but I am not directing Barclays to pay more than £400. I'll explain why.

Barclays have important legal and regulatory obligations they must 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 and verify their sources of income, as well as detect and prevent financial crime.

Barclays will review accounts to comply with their responsibilities. And, it's common industry practice for firms to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. I find Barclays acted fairly by blocking Mr K's account and they didn't need to tell Mr K what prompted their decision.

The result of Barclays review was they decided to close Mr K's current account immediately. Again, they didn't need to tell Mr K why. But they ought not to have closed his account without notice, given it appears Mr K provided evidence to support he wasn't party to a fraud. Instead, they should have given him the normal notice period under the account's terms and conditions.

Barclays ought not to have loaded a CIFAs marker in the first place. The evidential threshold CIFAs requires is robust and Barclays needed more evidence to meet that standard. If they had carried out a more thorough investigation and contacted Mr K about the payment, it's unlikely the threshold would have been met, so the marker should not have been recorded.

Mr K says Barclays should compensate him for the more expensive mortgage he agreed. But I am not holding Barclays liable for this. Mr K knew Barclays said they had removed the CIFAs marker but that it might take around a month for this to reflect with CIFAs and credit reference agencies. I disagree that he would have thought it would affect him for six years – that is the time frame for a CIFAs marker to expire if it hasn't been removed. I don't find that would have been a reasonable conclusion in the circumstances.

Neither do I find there is any evidence to show Mr K's creditworthiness continues to be affected when the CIFAs marker is no longer recorded. But to reiterate, I am not considering Mr K's difficulties in opening a business account for his limited company in this decision. That is a loss which pertains to a different legal person due to the effect of incorporation. Mr K was anxious to secure a mortgage and he was paying a bridging loan. But I am not persuaded this is a sufficient reason to not wait for the CIFAs marker to show as removed. Neither can I fairly conclude that Mr K would have been able to get the mortgage he wanted or that he would have obtained it at the same time as the one he did. A mortgage application and approval process is rigorous and dependant on a multitude of lender specific factors. So, he may still have had to pay his bridging loan and risked losing the property even if the CIFAs marker hadn't been recorded.

I agree the existence of the CIFAs marker must have caused Mr K anxiety and I have borne in mind what he has said about how he was affected. I find £400 is fair compensation for what he was put through and the inconvenience of having his account closed without a sufficient notice period. But I am not awarding any more than this because the marker wasn't in place for a long time, and Barclays acted promptly to rectify their error.

### **Putting things right**

Subject to Mr K accepting this final decision, I direct Barclays Bank UK PLC to pay him £400 compensation within 28 days of his acceptance.

### **My final decision**

I have decided to uphold Mr K's complaint. Barclays Bank UK PLC should pay Mr K compensation according to my direction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 October 2022.

Liam King  
**Ombudsman**