

## **The complaint**

Mrs C and Mr F complain that Barclays Bank UK PLC blocked their account and returned £97,430.72 to the sender of the funds.

## **What happened**

Mrs C and Mr F had a joint account with Barclays. Mr F also had an account in his sole name.

In January 2021, Mrs C and Mr F received a payment of £97,430.72 into their account. But Barclays received a report that this payment was fraudulent. It blocked the account and carried out an investigation. On 23 February 2021, Barclays removed the £97,430.72 and arranged to return this payment to the sender. At the same time, Barclays removed a further £22,474.05 from the account.

Following its review, Barclays removed the restrictions on the account on 9 April 2021 and returned the £22,474.05 to the account in Mr F's sole name on 10 May 2021. Around this time, Mrs C and Mr F complained to Barclays and then referred the complaint to us.

Barclays looked at this. It said it was truly sorry for the experience Mrs C and Mr F had gone through, and said that the time it had taken to complete its investigation and remove the blocks was unacceptable. It offered to pay Mrs C and Mr F £300 to reflect the trouble and upset it caused.

On 9 June 2021, the sender paid Mrs C and Mr F again. This time, Mrs C and Mr F received a payment of £93,971.88. Mrs C and Mr F say the difference is because of changes to the foreign currency exchange rate.

Our investigator looked at all of this, and thought the complaint should be upheld. She recommended that Barclays pay Mrs C and Mr F simple interest to compensate them for the time they were out of pocket. This included interest on the £97,430.72 until they received the second payment, interest on the difference until the date they get this back, and interest on the £22,474.05 from 9 April until the funds were credited back to the account. Finally, our investigator recommended Barclays pay £500 to reflect the trouble and upset it had caused.

More recently, our investigator contacted Barclays to clarify that she also expected them to pay Mrs C and Mr F the difference between what they received in January and what they received in June, to reflect the currency exchange changes.

Barclays doesn't agree with the investigator. It says it wasn't in a position to verify Mrs C and Mr F's proof of funds, and so the safest thing to do was to return the funds. It also says that any delay in receiving the funds once it had returned them was due to the sender or their bank.

As the complaint couldn't be resolved informally, the complaint has been referred to me.

## **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, like all financial businesses, is required to have processes and procedures in place to combat fraud and financial crime. This means that where it receives a report that a payment into an account may be fraudulent, it will need to look into things, and may need to restrict the account while it does this.

In this case, Barclays received a report that a payment into Mrs C and Mr F's account was fraudulent. Barclays has told Mrs C and Mr F that it received this report from the sender of the funds. I appreciate Mrs C and Mr F wanted to know more. But where Barclays blocks and reviews accounts in these circumstances, it doesn't have to give reasons. Based on everything I've seen, I'm satisfied Barclays was acting in line with its legal and regulatory obligations when it blocked and reviewed Mrs C and Mr F's account.

Barclays then carried out its review. I'd expect it to complete the review in a timely manner. Barclays says it normally aims to complete the review within 15 working days – or by 1 March 2021. Here Barclays didn't complete the review until 9 April 2021. That said, I can see some of the delay was because Mrs C and Mr F were out of the country at a time, and so weren't in a position to respond to letters. Equally, though, I see Mr F told Barclays this in February – and once he was able to respond to Barclays's requests for information, he was able to provide information in connection with the payments.

Finally, I've considered Barclays's decision to return the funds to source and remove further funds from Mrs C and Mr F's account. I'd only expect Barclays to return these funds if it was satisfied that they weren't entitled to them. I note that Mr F contacted Barclays once he discovered the block to explain that he'd recently sold a property overseas and that the money he'd received related to that. But it doesn't appear Barclays asked Mrs C or Mr F for anything further to prove their entitlement to these funds before they returned them to the sender.

I've thought about what Barclays has said about that. It says it had no real way of verifying Mrs C or Mr F's version of events. It thinks the least risky option was to return the funds, on the basis that if the payment were genuine Mrs C or Mr F could have been able – as occurred here – to recover these from the sender.

I don't find what Barclays has said persuasive. I still think it would have been reasonable for Barclays to have asked Mrs C and Mr F for their version of events before it decided what to do with the funds. The report, for instance, might have been mistaken. The payment was consistent with the sale of a property. And when Barclays asked, in March, for Mrs C and Mr F to provide information in connection with the sale, they were able to provide a certified copy of the notarial act relating to the property. The purchaser of the property was described as the daughter of someone with the same name as the victim, and included details of both the property and that the first instalment would be a payment of US\$135,000. The document is signed and stamped by a notary and Mrs C and Mr F have provided a translation signed and stamped by a government registered certified translator. And I'm satisfied that had Barclays asked for this in February 2021, they'd have been able to provide these at that time.

Barclays says that it has no way of verifying the authenticity of this document. But given the contents of the document, Barclays could reasonably have taken further steps – such as contacting the sending bank or asking Mrs C or Mr F for further information about this sale – before it decided to return the funds. There was a real risk that Mrs C and Mr F would lose

the proceeds of sale having already conveyed the property to the seller. The sender ultimately sent the funds again – so I'm satisfied that had Barclays investigated matters fully before deciding to return the funds to source Mrs C and Mr F could either have demonstrated their entitlement to the funds or clarified matters with the sender. Because Barclays didn't, Mrs C and Mr F had the stress and worry of knowing whether or when they'd get these funds back.

Barclays withdrew a further £22,474.05 from the account. I see Barclays says it required proof from Mrs C and Mr F of their entitlement to these funds – and that at the end of March Mrs C and Mr F provided payslips. Barclays says these funds which wouldn't have been available to Mrs C and Mr F until it completed its review on 9 April 2021. But it says the funds should have been repaid at that point – but this didn't happen until 10 May. While I accept that Barclays may have needed further information from Mrs C and Mr F before it was satisfied they were entitled to these funds, Barclays hasn't given a reason for the delay between the completion of this review and the return of these funds in May. And again, it seems likely Mrs C and Mr F could have provided this information sooner had Barclays asked for it.

With all this in mind, I uphold this complaint.

I've gone on to consider what Barclays should do to put things right.

I'm not satisfied Barclays acted fairly in returning the funds in February 2021. As a result, Mrs C and Mr F didn't receive the funds again until June 2021. At this point, currency exchange fluctuations meant that they got £93,971.88 instead of the £97,430.72 they got in January. If things had happened as they should have, this wouldn't have happened. Barclays should pay Mrs C and Mr F the difference, or £3,458.84.

Barclays should also pay Mrs C and Mr F simple interest (the rate is 8% simple a year) to compensate them for the periods they were out of pocket, both in respect of the proceeds of sale of the property and the additional amounts removed from their account.

I've considered Barclays's further comments. It feels that some of the responsibility for what happened lies with the sender. It received a report from the sender and felt bound to act on it. But I've already explained why Barclays should have done more to satisfy itself that Mrs C and Mr F weren't entitled to the funds. So this doesn't change my conclusions.

Barclays also says that the sender could have returned the funds to Mrs C and Mr F sooner – in principle, the next day after the funds were returned. But I note that Mr F told Barclays in April 2021 that the sender denied having received the funds back. I further note that Mrs C and Mr F wanted written confirmation from Barclays that the same thing wouldn't happen again if the sender re-sent the funds – they say the sender wanted assurance that the issue with the account had been resolved. In the circumstances, I don't think that's unreasonable. In any case, nothing I've seen suggests that Mrs C or Mr F delayed in seeking recovery of the funds. It's foreseeable that returning the funds as Barclays did might lead to delays recovering the money later. I don't think it would be fair for Mrs C or Mr F to lose out because of something Barclays did wrong.

Finally, I note the investigator recommended interest from 23 February in respect of the property sale funds, and from 9 April in respect of the rest of the funds. But Barclays accepts it should have completed its review by 1 March 2021. I agree. I recognise Barclays would have needed some time to complete any review – but equally, it's likely Barclays could have completed its review by then had it asked Mrs C and Mr F for information sooner. So if things happened as they should have done, I think Mrs C and Mr F would have regained access to

their account by 1 March – and so that is the date Barclays should use to start the award of simple interest. (I acknowledge that in practice this will only make a very small difference compared to the investigator's recommendation.)

### **Putting things right**

Barclays should pay Mrs C and Mr F:

- £3,458.84, which is the difference between the amount they received in January 2021 and what they got when they were paid again in June 2021.
- simple interest on the £3,458.84 from 9 June 2021 until Mrs C and Mr F get this money back.
- simple interest on the £97,430.72 from 1 March 2021 (when Barclays says it would have completed its review) until 9 June 2021 when Mrs C and Mr F got the second payment.
- simple interest on the £22,474.05 from 1 March 2021 until 10 May 2021.

I'm satisfied Mrs C and Mr F would have found what happened stressful. Barclays should pay Mrs C and Mr F £500 to reflect the distress and inconvenience it caused.

If HM Revenue and Customs requires Barclays to deduct tax from any interest it should send Mrs C and Mr F a certificate setting out how it calculates this should it want one.

### **My final decision**

For the reasons above, I uphold the complaint. Barclays Bank UK PLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr F to accept or reject my decision before 14 April 2023.

Rebecca Hardman  
**Ombudsman**