

The complaint

L, a limited company, complains that Barclays Bank UK Plc blocked their account, leaving them unable to access the funds in the account.

What happened

L is represented by a director, Mr B.

In February 2021 Mr B's personal accounts with Barclays closed, and the funds transferred to L's account. But Mr B discovered he couldn't access L's account either. He attempted to resolve this with Barclays but couldn't do so. He raised a complaint with the bank, who then arranged for a new online banking membership to be set up to allow him to access the funds in the account.

L referred their complaint to our service. One of our investigators looked into what happened, and felt it was an error to cut off L's access to the account. They thought it would be fair for Barclays to pay 8% simple interest for the period L was without access to the account, and also pay L £350 for the disruption to the business.

Barclays accepted this. But L disagreed. As no agreement could be reached the complaint has been passed 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.

I'll clarify here that I'm only considering Barclays actions in relation to L's account – rather than any actions on Mr B's personal accounts. Any issues with the personal accounts has been dealt separately by our service.

I'm satisfied it was a mistake to cut off access to L's account when Mr B's personal accounts were closed – especially as his personal funds were transferred into L's account as part of that closure. There doesn't seem to be any expectation, or warning, that there would then be problems for L's access.

From what I've seen this appears to be a technical oversight, rather than a deliberate choice. But it's reasonably clear to me this outcome could have been anticipated, and Barclays should have taken steps to avoid this.

From what I've seen the access was removed on 2 February 2021, and a new profile set up on 1 March 2021 which will have allowed mobile app and debit card usage. So, I'm satisfied at this point L had access to the funds in the account. But for the period when L didn't have access to the funds it's appropriate that Barclays pay 8% simple interest on this.

I can also see that L contacted Barclays by phone but couldn't gain access to the account on his call. It still then took a couple of days to resolve after this. I accept that L will have been

inconvenienced by not being able to access the funds in the account, and it would be appropriate for Barclays to pay some compensation for this. But, I'm also mindful that the situation was resolved within a month, so there wasn't any significant ongoing disruption. Taking all this into account, £350 is a reasonable amount to reflect the disruption to the business.

My final decision

My final decision is that I uphold this complaint and Barclays Bank UK Plc must:

- Pay 8% simple interest per annum on the balance of L's account from 2 February 2021 to 1 March 2021. If Barclays consider that MRC requires tax to be deducted from this amount, Barclays should provide L a certificate showing how much is deducted.
- Pay L £350 compensation for the disruption.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 25 August 2023.

Thom Bennett
Ombudsman