

The complaint

Mr C complains Barclays Bank UK Plc registered a fraud marker at CIFAS, the national fraud database and closed his account. He doesn't think it's treated him fairly. He'd like Barclays to compensate him for the difficulties this caused.

What happened

I issued my provisional decision on this complaint on 9 January 2023, upholding the complaint in part. I invited both parties to let me have any comments by the deadline of 30 January 2023. A copy of my provisional decision is below.

Mr C held a bank account with Barclays and in June 2021, the bank placed a block on the account following some activity on it. Mr C contacted Barclays about this – it told him about the blocks and said that it would take up to five working days for it to investigate. It said he could still access money in the meantime from his wages in the account, but he'd need to visit a branch with identification.

Mr C was able to withdraw money from a branch, but the account remained blocked for several weeks. He contacted Barclays regularly about this to understand why there was a delay in unblocking the account. However, he didn't get any information back. In September 2021, Barclays took the decision to close the account immediately and wrote to Mr C to tell him.

Mr C didn't think Barclays had treated him fairly and complained. Barclays accepted it had taken too long to deal with the blocks and recognised this had caused inconvenience. It paid Mr C £245 to reflect the impact. But in relation to closing the account it didn't think it had done anything wrong.

Mr C later discovered Barclays had also loaded a marker against him with CIFAS, which was preventing him from opening an account with another provider. He referred this issue to us, along with his concerns about Barclays' treatment of him once it had blocked the account.

One of our investigators investigated the complaint. Initially she concluded Barclays offer to pay £245 for the delays in dealing with the blocks on the account was fair. She said Barclays was entitled to close the account without providing a reason and it had told us that it hadn't loaded anything with CIFAS.

Mr C said this wasn't correct. He provided a copy of the report he'd received from CIFAS which showed Barclays had loaded information against him. The investigator put this to Barclays who noted that the entry had been made almost six months after the blocks had been triggered and that's why it didn't initially pick up on this when it first reviewed the complaint. It told our investigator that it would now arrange to remove the marker as it didn't believe it should have recorded it as late as it did.

Mr C didn't think this went far enough. He said that because of the entry he'd been unable to get a bank account. Instead he'd had to arrange to have money paid into his mother's

account which was inconvenient. He added that the impact went farther; he'd missed payments that were due, been declined for loans and couldn't run a business through an online market trading site.

Our investigator reviewed matters and recommended Barclays pay Mr C £250 in addition to the £245 it had already paid. She accepted there had been an error with the entry, which had caused Mr C an element of distress and inconvenience. But she didn't think the evidence showed Mr C had been unable to get a bank account solely as a result of the entry Barclays had made, as she noted another provider had recorded something on his CIFAS records too. She also reviewed a copy of Mr C's credit file and noted that Mr C had applied for a loan and been rejected before Barclays had recorded its information, which she felt supported her conclusions.

Barclays agreed to pay £250. However, Mr C asked that his complaint be referred to an ombudsman.

What I've provisionally 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.

Blocks on the account

Barclays had already accepted that it took too long to deal with the blocks on Mr C's account. Indeed, to recognise this, it said sorry and paid him £245 to cover the distress and inconvenience caused. I've thought about the impact this had on Mr C, and while I understand it would have been frustrating not to have any information after calling repeatedly and be put to additional inconvenience in having to continue to attend a branch to access funds, ultimately I consider the amount of compensation Barclays paid here reflects the difficulties this caused. So, I don't think it needs to do any more in relation to this particular issue.

Loading with CIFAS

For Barclays to load the type of marker it did with CIFAS there must be reasonable grounds for it to think that a fraud or financial crime has been committed and the evidence must be clear, relevant, and rigorous. Barclays has explained why it was concerned about some activity on the account that triggered the blocks but beyond that it hasn't offered any substantive evidence (and our investigator invited it to) to meet the standard that's required and I can't see it questioned Mr C about the activity either, which is what CIFAS's guidance to its members suggests it do. Having regard for this, it's difficult for me to conclude that it was justified in loading the marker. But I also appreciate things have moved on as Barclays has already removed the marker due to the time when it was loaded. So, I don't think there is much to be gained by commenting on this point beyond considering the problems this caused Mr C. And deciding whether what Barclays has offered to do fairly resolves the complaint.

I don't doubt that Barclays information on CIFAS would have caused Mr C some difficulties in getting facilities elsewhere and getting the loading removed. Though guidance to financial businesses is that they shouldn't simply reject an application – they should carry out further investigation to understand the accuracy of the information. But in addition to the loading by Barclays there was an adverse entry with CIFAS from another financial business that was there from before and the credit report Mr C has provided also shows a court judgment against him for a debt. Faced with this, I don't think I can reasonably conclude Barclays information is solely responsible for Mr C not getting facilities. There is clearly other

information that would also carry weight in any decision to offer account facilities and/or provide credit. So overall, I don't agree it's responsible for everything, including the financial losses claimed.

Account closure

A bank is entitled to end its banking relationship with a customer and in some limited circumstances it can do so immediately. Here Barclays decided to close Mr C's account on 9 September – it did so on 14 September. So effectively immediately. But as referenced above with the CIFAS marker I don't think concerns about some of the account activity in isolation was reasonable to justify the immediate closure - not without anything more compelling. So, I think Barclays ought to have given Mr C the contractual notice under the account terms and conditions (if it wished to close the account). The terms say that this should be two months.

I understand from the account records Mr C was able to get any money that was left in his account (it wasn't retained by Barclays) but I can appreciate the immediate closure would have left him in a difficult position as there's nothing to suggest he had another account elsewhere. Indeed, he's told us he had to have the help of his mother.

Barclays has already agreed to pay £250 and I think that's reasonable for the impact resulting from loading the marker. However, when weighing this up against the presence of other adverse information and the distress and inconvenienced caused by the immediate closure of the account, I consider it should increase this by another £200. As Mr C would've needed to act quickly to notify the parties sending him payments, debiting payments and make alternative arrangements - all resulting in a level of distress and inconvenience. Collectively I think £450 reflects the impact of the difficulties caused.

My provisional decision

My provisional decision is that Barclays Bank UK Plc should pay Mr C £450 to settle this complaint. This is in addition to the £245 it has previously paid him for the time taken to deal with the blocks on the account.

Barclays responded to say that it accepted my provisional decision. However, Mr C didn't feel the compensation was enough for the struggles he'd faced. He'd said he'd waited patiently for over a year for a resolution. He said he intended to respond further and before the deadline.

Mr C didn't respond further on or before the deadline. But provided additional information afterwards. This was in the form of screen shots from an online market trading site and of a cryptocurrency account. He emailed to say the following – in summary:

- He hadn't been able to withdraw from or deposit funds into his cryptocurrency account when it was most beneficial. He wasn't saying this was Barclays fault but access did affect his ability to withdraw any profits.
- Due to the blocks, lack of access, the marker and time taken to resolve the complaint, he'd lost several opportunities to make a profit.
- He hadn't been able to update his details with the online market trading site for around a year as he didn't have an account that he could link. And he had thousands of pounds worth of stock which he couldn't sell.
- He wanted compensation from Barclays that fairly reflected this.

The case has been returned 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.

The initial offer of compensation (£245) for the time taken to deal with the block on the account does in my opinion fairly recognised the distress and inconvenience caused at the time. Mr C was still able to withdraw funds (and receive funds into the account) albeit it caused him some difficulties in having to attend a branch. But that was still possible.

Barclays recorded the CIFAS marker in December 2021 – it was eventually removed after six months. While I recognise it made a mistake, the impact Mr C's describes of that loading cannot in my view be fully attributable to the bank. Because there was other adverse information recorded against him, which would have had an influence. Thinking about this, I think the £250 fairly reflects the impact of its mistake.

I said Barclays should have given Mr C two-months' notice before closing his account, but I must stress that it was still *entitled* to end the relationship because the account terms allowed for it. In not giving appropriate notice, I have accepted this would have put Mr C in a difficult position initially. I explained in my provisional decision why I considered a further payment of £200 was reasonable in the circumstances for that initial period.

I note Mr C says he feels the compensation isn't enough for the struggles he's faced, and he's provided information. But even if it had given appropriate notice this wouldn't have resulted in a change to his situation in getting an account because of the other information recorded against him and the fact Barclays is entitled to decide if it doesn't wish to provide him with a bank account.

Finally, in terms of the crypto currency account and other facilities, I've not seen anything persuasive to say Mr C would've removed his money straight away other than what he says, and that simply isn't enough to persuade me. I realise Mr C feels strongly about what happened and I have considered all that he has said and provided, including the screen shots and further email. But having done so, I see no reason to depart from my provisional decision, which I fully adopt as part of this final decision and anything else I have said here.

My final decision

My final decision is that Barclays Bank UK Plc should pay Mr C £450 to settle this complaint. This is in addition to the £245 it has previously and separately paid him for the time taken to deal with the blocks on the account. Should Mr C wish to accept this he should provide his bank account details.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 March 2023.

Sarita Taylor
Ombudsman