

The complaint

Mr B is unhappy with the service he received from Barclays Bank UK PLC surrounding their restricting and then closing his account following the receipt of money from his father, and that Barclays later withheld his access to that money for an unreasonable time.

What happened

On 1 March 2022, Mr B received into his Barclays current account a transfer of £124,957.00 that had been sent to him by his father who had sold a property overseas to help Mr B to be able to buy a property himself in the UK.

Shortly afterwards, Mr B received a letter from Barclays saying they needed further information about this payment. Mr B sent the requested verifying documents to Barclays via the channel provided in that letter, but he then received a similar letter from Barclays and so resent the documents he'd already provided. Mr B then called Barclays a few weeks later, at which time he was told that the documents he'd provided weren't acceptable because they were in a non-English language and that he'd need to provide copies of the documents translated into English. Mr B wasn't happy about the service he'd received from Barclays up to this point, so he raised a complaint.

Mr B had the documents translated into English and submitted them to Barclays as requested. But when he later tried to access his Barclays accounts online, he was unable to do so. Mr B then received notice from Barclays that they'd taken the decision to close his accounts with immediate effect and would no longer provide banking services to him.

However, despite closing Mr B's accounts, Barclays continued to withhold the £124,957.00 sent to him by his father, despite repeated and prolonged efforts by Mr B to have Barclays release that money to him. Barclays hadn't responded to Mr B's complaint about what was happening within the eight-week timeframe they were supposed to, and so Mr B referred his complaint to this service.

One of our investigators looked at this complaint. They felt that Barclays had been entitled to make the decision to no longer offer services to Mr B, and therefore to close his accounts as they had. However, they felt that Barclays had unfairly withheld the £124,957.00 and should have allowed Mr B to access that money after being provided with copies of the translated documents by Mr B.

Our investigator therefore recommended that this complaint be upheld in Mr B's favour on that basis and that Barclays should allow Mr B access to the £124,957.00 and pay 8% interest on that amount for the time that they'd held it. Our investigator also recommended that Barclays should pay a further £150 to Mr B as compensation for the trouble and upset he'd incurred surrounding this matter.

Barclays accepted the view of this complaint put forwards by our investigator, but Mr B felt that he'd incurred tangible financial losses because of Barclays withholding access to his money that hadn't been addressed, and that a greater amount of compensation for the distress and inconvenience he'd incurred should be merited. So, the matter was escalated to

an ombudsman for 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 issued a provisional decision on this complaint on 10 January 2023 as follows:

I'm satisfied that when Mr B received the large sum of money into his account that he did, that it was reasonable for Barclays to have concerns about that payment and for it to have been flagged by their automated fraud prevention systems, given that the amount of the transfer was out of character with how Mr B had maintained the current account up to that time and that it was being received from an overseas source.

Fraud prevention systems are used by many financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there's a possibility that fraud or other suspicious activity may potentially be occurring. And it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimate transfers are flagged for further checks by fraud prevention systems.

When an incoming transfer is flagged by a fraud prevention system, it's also incumbent on banks to contact their customer who has received that flagged transfer and to ask for the information required by them to verify that transfer to their satisfaction so that their customer can be allowed access to the incoming funds.

Barclays did that here, and I say this because they sent a letter to Mr B the day after the transfer was received which explained that Barclays had concerns about the transfer and which outlined what information Mr B needed to send Barclays to verify that. And, importantly, this letter explained that if the required verifying documents weren't written in English, translations of those non-English documents into English must be provided.

This requirement for documents to be provided in English seems reasonable to me, and I don't feel it's unfair for Barclays to place the responsibility for translating any non-English language documents into English with the individual needing to provide those documents.

Mr B has confirmed he received the letter sent by Barclays dated 2 March 2022, but he appears not have recognised, as per that letter, that he needed to provide Barclays with copies of the necessary documents translated into English, and instead sent the relevant non-English documents without any translation.

Mr B has also confirmed that he received a second letter from Barclays, dated 8 March 2022, which he states was identical to the first letter he received dated 2 March 2022, but which did in fact explain that the documents Mr B had sent in response to the 2 March 2022 letter weren't acceptable and which again explained that Mr B would need to send the documents translated into English. However, in response to this second letter, Mr B again sent the documents to Barclays without an English translation.

In his response to the view of this complaint put forwards by our investigator, Mr B

said that he feels Barclays should have provided him with feedback of the documents he initially submitted to them, and that he only learned that translations into English were required by Barclays when he proactively called them, which it appears from Barclays contact notes that Mr B did on 18 March 2022.

However, as per the above, I'm satisfied that Mr B was informed in both letters he received dated 2 March and 8 March 2022, that translated versions of the documents would need to be submitted. And Barclays also have record of an online chat with Mr B dated 15 March 2022, where Mr B is again told of the requirement for translated documents, and where Mr B explains that it will be difficult for him to provide translated documents as required.

I readily acknowledge that providing documents translated into English would have been a significant inconvenience for Mr B. But I feel that it's a necessary inconvenience, given the obligations on banks such as Barclays to monitor account transactions in the manner already explained. So, while I can understand that Mr B may have found it difficult to provide the translated documents, I don't think that Barclays acted unfairly or did anything wrong by requiring them, and I'm satisfied that the requirement for Mr B to provide translated documents was clearly explained to Mr B by Barclays from the outset, as explained.

Mr B did then send translated documents to Barclays on 27 March 2022. Importantly there's then an internal Barclays note dated 28 March 2022 which confirms that Barclays were happy at that time that the movement of money from Mr B's father's overseas account to Mr B's Barclays account matches the explanation provided by Mr B and that therefore Barclays have no issue with that transaction. However, this note then goes on to explain that during the review of Mr B's account that took place to verify the £124,957.00 transfer, Barclays had developed concerns about the overall management and maintenance of the account such that they were considering no longer offering banking services to Mr B moving forwards.

Up to this point, I don't feel that Barclays had done anything wrong. And I also don't that Barclays acted unfairly beyond this point in regard to their taking the decision that they then did to no longer offer banking services to Mr B and to close his accounts with immediate effect, given the concerns that they had.

But it does seem to me that, having already noted on 28 March 2022 that they no longer held any concerns about the £124,957.00 transfer received into the account, that this amount should have been released to Mr B by Barclays at that time. But this wasn't the case, and instead a Barclays note dated 4 April 2022 confirms that the £124,957.00 will be restricted pending proof of funds being received from Mr B – even though such proof had already been received and reviewed by Barclays several days earlier.

Mr B feels that the prolonged withholding of the £124,957.00 from him by Barclays – which continued until 28 October 2022 – meant that he incurred significant financial losses which he feels weren't addressed in the view of this complaint put forwards by our investigator.

First among these is that Mr B wasn't able to purchase the property which he was sent the money to help him buy, and that mortgage rates are now considerably higher than he could have achieved had he been able to take that mortgage. And Mr B has provided this service with a copy of a Mortgage Agreement in Principle, dated 21 February 2022 and valid for three months, which he feels supports his position here.

I can appreciate why Mr B would feel this way. But from an impartial perspective – which this service takes when considering complaints – a Mortgage Agreement in Principle can be problematic. This is because it is only an agreement in principle, and not an actual mortgage offer. Indeed, the Agreement in Principle document provided by Mr B specifically states: This is not a legally binding offer, and the Lender is not legally obliged to provide you with a mortgage’, and also states ‘This certificate is issued to inform ... how much we may be willing to lend, and although we have credit scored the applicants, this should not be interpreted as the creditworthiness of the persons named for non-secured lending.’”

The reason this is problematic from an impartial perspective is because while Mr B may believe that it was highly likely that any mortgage application he made following the Agreement in Principle would have been successful, it can't be guaranteed that he would have passed the more in depth checks that an actual mortgage application for a specific property entails. As such, I don't feel that it can be guaranteed that Mr B would definitely have obtained the mortgage he was seeking in March 2022, even had the £124,957.00 been made available to him from 28 March 2022 onwards as I feel it should have been. And this makes it difficult for me agree that Mr B has incurred a tangible financial loss which Barclays should fairly be instructed to reimburse him for.

It's also difficult to consider Mr B's claim for the rent that he had to pay having been forced to take out a new tenancy agreement to rent a property given that he was unable to purchase a property because of Barclays withholding the £124,957.00 from him. And this is not only because there's no guarantee Mr B would have been able to obtain the mortgage he wanted, but also because any claim that Mr B makes here must be offset by the fact that if he had obtained a mortgage he would have had to have made monthly payments towards that mortgage – with the amount of those potential mortgage payments not being known.

Mr B also states that had he known that he wouldn't have access to the £124,957.00 for such a long time that he would have used other savings he held in non-Barclays accounts that were also intended to finance his property purchase for other things, including paying off his student loan, and feels that Barclays should reimburse the interest he's had to pay on his student loan from the time he would theoretically have paid it off from.

I don't accept Mr B's position here, not only because it's a purely hypothetical claim about a savings balance that neither Barclays nor this service have ever had sight of, but also because I feel that given that Mr B has now received the £124,957.00 that he had earmarked for a property purchase, and may potentially still use for such a purchase, that it also makes sense that the additionally earmarked funds that Mr B refers to may also be used for any future property purchase Mr B may make.

I hold a similar position here in regard to Mr B's claim that, when the delay in his receiving the £124,957.00 and the increase in mortgage interest rates during that delay period made purchasing a property more difficult, he could have used the £124,957.00 for other investment opportunities such as bonds or currency exchange. Again, I consider this claim to be hypothetical and to be made with the benefit of hindsight, and I don't feel it meets the criteria for a tangible financial loss needed for me consider it. And I also feel that given that the funds had been earmarked for a property purchase, there's no guarantee that they wouldn't have been used for a property purchase had a reasonable opportunity arisen.

Mr B has also referred to UK inflation rates, which it's acknowledged have risen considerably in recent times. This service usually instructs a business to reimburse unfairly withheld funds along with 8% simple interest, which is designed to take account of any loss of spending power that may have incurred. But given the recent rise in inflation this standard 8% award doesn't feel fair to me, and so I'll instead be provisionally instructing Barclays to pay 10% interest on the balance instead of 8%. This increased interest amount is based on the average increase in the Consumer Prices Index ("CPI") for the months April through October 2022, as per the Office of National Statistics.

Additionally, I'll also be instructing Barclays to pay this interest to Mr B calculated from 28 March 2022 until 28 October 2022, rather than from 19 April 2022 as previously recommended by our investigator, given that I feel 28 March 2022 is the date from which the £124,957.00 should reasonably have been made available to Mr B.

Finally, I don't feel that the £150 compensation amount recommended by our investigator goes far enough to recognise the considerable and lengthy trouble and upset that Mr B has incurred here, not only in regard to the unreasonable time, frustration and effort that Mr B has had to expend chasing the release of his money, but also in regard to the worry and distress he's suffered through not being able to proceed with his plans to purchase a property and the strain that Mr B has explained this matter has caused between him and his parents, who struggled to understand why the large amount of money they raised by selling their own property and then sent to their son wasn't being used as intended.

Accordingly, my provisional decision will also include that Barclays must pay an increased amount of £900 compensation to Mr B for the distress and inconvenience he's incurred here, which I feel more fairly reflects the impact that Barclays withholding this money has had.

Mr B provided a detailed response to my provisional decision letter and explained why he continued to feel that Barclays should be instructed to reimburse him for the losses he was claiming against them. And Barclays also raised concerns with some of the findings outlined in my provisional decision.

This led me to issue an amended provisional decision on 15 February 2023 as follows:

The first part of Mr B's submission focusses on his request for Barclays to be instructed to reimburse him for claimed financial losses arising from the increase in mortgage interest rates during the period that Barclays unfairly withheld his money.

In support of his position, Mr B has referenced several legal cases. But this service isn't a regulatory body or a Court of Law and doesn't operate as such. This means it isn't within my remit here to declare that Barclays have acted in a non-regulatory or unlawful way – such declarations would be for a regulatory body or a Court of Law to potentially make. Instead, this service is an informal, impartial dispute resolution service, with a remit focussed on fairness of outcome.

I can appreciate why Mr B would feel it unfair – having had a mortgage Agreement in Principle before Barclays restricted his access to the money in question – that mortgage interest rates had risen significantly while his access to his money was restricted. And I can also understand how Mr B would feel that a fair outcome here would be for Barclays to cover the increased cost of his mortgage as he would like.

But a key point that this service considers when reviewing claims for financial loss is whether it can be said that the claimed loss would definitely have occurred, had the error of the business being complained about not taken place. And, In this instance, because Mr B only had a mortgage Agreement in Principle, and not an actual mortgage offer, I don't feel that it can reasonably and impartially be said that Mr B would have definitely been granted the mortgage he was seeking at that time.

Mr B has provided a detailed explanation of why he feels it's highly improbable that his mortgage application would have been accepted, had he had the funds available to have made it. But I continue to feel, even in consideration of Mr B's convictions, that there's no guarantee any formal mortgage application he did make, following on from the Agreement in Principle, would have been successful. And so, while I have taken on board the points that Mr B has raised here, and while I understand his frustration, my position on this matter in my professional capacity as an impartial ombudsman hasn't changed.

Ultimately, there is no prior formal mortgage offer to calculate the losses Mr B claims here against. This is because Mr B didn't have a formal mortgage offer, and I remain satisfied that there was no guarantee that he would have received a formal mortgage offer at that time. And, as an impartial party, I don't feel it would be fair to instruct Barclays to reimburse a potential loss that I'm satisfied can't be confirmed would have definitely occurred.

Mr B also feel that my provisional instruction that Barclays must increase the amount of compensation payable for the trouble and upset that he incurred because of Barclays' error to £900 doesn't take full and accurate consideration of the level of distress that he experienced here.

I've considered Mr B's request for a higher compensation amount to be paid and the factors he feels I haven't adequately considered. Having done so, I'd like to reassure Mr B that my provisional instruction of £900 compensation was made after careful consideration of the impact of what happened on Mr B, including the distress he may have incurred. As such, I'm satisfied that the £900 amount I provisionally instructed is a fair compensation amount.

Finally, Mr B has also suggested that my award of 10% interest on the balance for the period it was unfairly withheld should be increased, and Mr B suggests an interest rate of 16.83%.

Barclays also responded to my provisional decision regarding my award of 10% interest and asked why I had chosen to award more than the 8% interest amount that this service generally awards in circumstances such as this.

I've considered both Mr B's and Barclays positions here and having done so I'll be amending my provisional instructions to revert the interest amount that Barclays must pay to Mr B on the balance for the period it was unavailable to 8%.

I realise Mr B will be unhappy about this decision, but the 8% I'm reverting to here is a rate that this service uses as standard, and on consideration I don't feel it would be fair to instruct Barclays to pay a higher amount of interest here on this one particular complaint than the standard 8% rate used consistently by this service.

All of which means that my updated provisional decision remains largely in line with my initial provisional decision, but with the interest rate that Barclays must pay on the unfairly withheld balance reduced to 8%.

My updated provisional instructions are therefore as follows:

- *Barclays must pay 8% simple interest on the £124,957.00 amount calculated from 28 March 2022 to 28 October 2022.*
- *Barclays must also make a further payment of £900 to Mr B as compensation for the lengthy and considerable distress and inconvenience that the unfair withholding of the money in question has caused.*

Barclays confirmed their acceptance of my second provision decision, while Mr B expressed his dissatisfaction at my reducing the rate of awarded interest from 10% to 8% and reiterated his wider concerns and that he felt Barclays were getting away 'unscathed'.

I can appreciate how Mr B would be disappointed that I've reduced the rate of awarded interest from 10% to 8%. But my initial provisional award of 10% interest was a mistake on my part, and this is because, as explained, the 8% rate of awarded interest is a standard rate used across this service. I can only apologise to Mr B for my mistake and for giving him a false expectation in this regard.

However, having recognised my error, I don't feel that it would be fair to award Mr B a higher rate of awarded interest than that which is standardly awarded by this service. And that is why I corrected my mistake by way of the second provisional decision that I issued on 15 February 2023.

Ultimately, from an impartial perspective, I'm satisfied that if I were to instruct Barclays to pay a rate of interest higher than the standard 8% rate instructed by this service, that wouldn't be a fair outcome.

Finally, in response to Mr B's concerns about the wider implications of this decision, I can only reiterate again that this service isn't a regulatory body or a Court of Law, and that as such these wider concerns fall outside the remit of what this service can consider.

All of which means that I remain satisfied that the outcome to Mr B's complaint as outlined in my second provisional decision is a fair and reasonable resolution to what's happened here. And it follows that my final decision will be that I uphold this complaint in Mr B's favour on that basis accordingly.

I realise this won't be the outcome Mr B was wanting, but I hope he'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Barclays must pay 8% simple interest on the £124,957.00 amount calculated from 28 March 2022 to 28 October 2022.

Barclays must also make a further payment of £900 to Mr B as compensation for distress and inconvenience this matter has caused.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 11 April 2023.

Paul Cooper
Ombudsman