

The complaint

Mr A complains Barclays Bank UK Plc unfairly closed his accounts, prevented him from accessing his educational stipend, discriminated against him, and unfairly recorded a CIFAs marker against him.

What happened

Mr A held a current account and a savings account with Barclays. Barclays issued him with notice that his accounts would close in mid-2021, although his current account closed sometime after the expiry of the notice period.

Several events happened around this time:

- Multiple large sums credited Mr A's current account in July 2021 that were reported as fraudulent. The majority of the payments were promptly sent to a trading account which looks to have been held by Mr A.
- Barclays asked Mr A questions about how these payments were made. He said he didn't know about the payments, but they weren't satisfied by his explanation and recorded a CIFAs marker against him.
- One large sum credited the current account shortly before it closed. Mr A says this was his educational stipend. Barclays asked for proof of his entitlement to the payment, and he provided various documents.
- Several small sums debited Mr A's current account balance in October 2021 after the account had closed. He says he didn't make the payments.
- While Barclays held the stipend, they allowed Mr A to make several withdrawals in October 2021. They released the remaining balance to Mr A in November 2022.

Mr A raised multiple points during the course of his complaint. I want him to know I have considered everything he has said carefully, but I find it only necessary to comment on the points I find pertinent. In summary:

- He says his current account was accessed without his knowledge. He told Barclays he lost funds in his trading account due to an investment scam around the same time

as the unrecognised payments going in and out of his Barclays account. When he discovered his loss on his trading account, he noticed payments going in and out which he didn't recognise, but he didn't know they came from his Barclays account.

- He says he only discovered what had happened later on. He says his email account was compromised around that time and he lost log in credentials. He also said he experienced a similar situation in the past when an account he held in another country was compromised and funds were taken.
- He feels Barclays discriminated against him, both over the phone and when he attended branch when trying to access funds in his account.
- He says the CIFAs marker prevented him from opening an account with a different bank.

Our investigator partially upheld Mr A's complaint. They issued a view and a subsequent response to Mr A. They found:

- Mr A's explanation to Barclays about how his account was compromised wasn't clear. He told Barclays he hadn't lost his phone when they spoke to him about the fraudulent payments – the same phone used to make the payments to his trading account and to log onto his account multiple times on the days the unrecognised payments hit his account.

Mr A later told our service he lost his phone around the time of the activity in question. But this still wouldn't explain how his phone and account security was passed to carry out the payments. Card payments were also made which spent some of the funds derived from the unrecognised payments, which meant his card details would also need to have been compromised.

- Barclays reviewed Mr A's accounts in line with their legal and regulatory obligations. They decided to close his accounts after completing their review and gave him notice. Mr A's account remained open due to an error and until it was flagged for a further review. On completing their further review Barclays closed the account with immediate effect. They had acted in line with their terms and conditions.
- Barclays met the threshold CIFAs requires of its members to record the marker. Mr A hadn't provided a credible explanation as to how someone could've passed his mobile phone and mobile banking application security. Although he said he stored log in details on keychains, this wouldn't explain how someone bypassed security on those keychains.
- Mr A referred to branch CCTV as evidential to his belief he was discriminated against. Unfortunately, CCTV from that time wouldn't be available any longer. But Barclays were entitled to ask Mr A for documentation related to the funds they held and their reason for closing his accounts was understandable. So, they hadn't treated him unfairly.
- Barclays released the correct balance to Mr A. They had shown they allowed him to make several withdrawals in October 2021, which reduced the balance they held from his stipend.
- Barclays records show Mr A provided documents in support of his entitlement to the

stipend in October 2021, but they only released the funds on 17 November 2022. Barclays agreed to pay 8% simple interest per annum on the balance they held from December 2021 until they released the funds, which is a fair outcome. Barclays also agreed to refund the small payments that debited his account after it had closed.

Mr A's complaint has been passed to me to make a final decision on in my capacity as an ombudsman.

Since then, our investigator clarified a contradiction in their view. In their view they said Barclays should pay eight percent simple interest per annum from December 2021 but also said from October 2021. They confirmed to Mr A that their recommendation was to pay from December 2021, and this is what Barclays had agreed to pay.

Mr A responded and said he didn't receive the correct balance when his funds were released. He only recalls being allowed to make two withdrawals – which were wages from two different employers. He said he would provide evidence in support but wanted to wait until he fully recovered from an injury to one of his fingers.

I asked our investigator to send Mr A his bank statement showing the final balance in his account before the withdrawals were made. I was sorry to hear about his finger, so I afforded him an additional week to provide extra information for me to consider. I didn't think it was reasonable to wait longer than this, given his injury doesn't prevent him from communicating with our service, as evidenced by his recent contact. The deadline for him to provide further information has passed, so I've gone on to make a final decision on his complaint.

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've decided to uphold Mr A's complaint in part. But I'm not recommending Barclay's do anything more than they agreed when accepting our investigator's recommendations

Barclays recorded a CIFAs marker against Mr A. Their concerns were triggered by the receipt of fraud reports related to the multiple payments he received into his account, which he says he didn't recognise.

To record a marker, CIFAs' standard of proof must be met. This requires Barclays to have had reasonable grounds to believe that a fraud or financial crime had been committed or attempted. In summary, Barclays couldn't apply a CIFAs marker based only on suspicion without supporting information and evidence.

But there is a difference between what's required for a firm to record a CIFAs marker and the standard of proof required to convict someone of fraud or another financial crime. The information and evidence do not need to establish Mr A was guilty of fraud beyond a reasonable doubt. Nor do Barclays need to have contacted the police to report Mr A's conduct.

So, I must consider whether the standard of evidence is enough in the circumstances of Mr A's complaint for the CIFAs marker to remain. On balance I'm satisfied there is sufficient evidence to show that the standard was met.

Barclays received fraud reports about the payments. After reviewing Mr A's responses to

Barclays and to our service, as well as the evidence on file, his version of events isn't credible. I'll explain why:

- Mr A claims to have not checked his account until he was informed that it was to close, so according to him he didn't notice the very unusual activity that was taking place. But Barclays records clearly show his account was accessed using a mobile phone which was registered to his account using the other mobile phone he registered when he opened his account. Both mobile devices were then used to access his account at the time in question and in the subsequent days before he received notice that his accounts would close.
- Mr A previously acknowledged having two mobile phones on the call he had with Barclays' employee. Listening to that call I'm satisfied he failed to provide a plausible explanation as to how someone could have used both mobiles to log into his account. This would have required them to know the passcode for both devices as well as his mobile phone security.
- Mr A told Barclays' employee he hadn't lost either phone. So quite why he is now saying he did lose a phone is hard to reconcile. I would expect him to have known whether he lost his phone or not when he spoke to Barclays considering his conversation was contemporaneous to the time of the unrecognised activity on his account and when he now says he lost his phone. I don't find what he has said persuasive. And, I have borne in mind that losing one mobile phone account wouldn't explain how his other mobile was used to log onto his account.
- Much of the payments which were reported as fraud were sent to a firm which Mr A admits to having an account with. I find it more than coincidental that the payments were sent to that firm, and Mr A hasn't denied those payments credited his trading account. He told Barclays he checked his trading account and had lost all the funds he held. He also said he remembers seeing unrecognised payments crediting and debiting his trading account but didn't know the payments originated from his Barclays account. But I haven't seen evidence to establish that his trading account was subject to an account take over.
- Mr A told Barclays on the phone that the day many of the unrecognised payments credited his Barclays account, he was at a party with friends. I've considered this but I don't find this is a plausible point of compromise. Whoever was at the party would have needed to know his mobile security, banking application security and to have also accessed his trading account to have made off with the funds. And this scenario still wouldn't account for his mobiles being used to log into his account multiple times after the day in question.
- Mr A said he stored log in details on key chains, but no persuasive explanation has been given as to how someone could have accessed that information. Neither would this explain how his mobile phones were used. He referred to an account he held in another country being compromised in the past, but this doesn't explain how his Barclays account was accessed without his knowledge or permission. It's possible he is the continued target of sophisticated fraudsters accessing his online security details, card information, as well as physically accessing his mobile phones – but without strong evidence to support this scenario, it's unlikely.

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, verify their sources of income, and where possible to detect and prevent financial crime.

Barclays will review accounts to comply with its responsibilities. And it's common industry practice for firms to restrict access to funds to conduct a review - doing so helps prevent potential harm that might otherwise result. I'm satisfied Barclays were entitled to ask Mr A for proof of his entitlement to his educational stipend and to prevent him accessing that payment at the time. This is particularly the case considering the large sums which previously credited his account and his lack of a persuasive explanation as to how his account could have been compromised without his involvement.

Mr A says he was discriminated against because of his racial background, and I don't doubt his feelings on this matter. But I have listened to the phone call he had with the Barclays' employee who asked him questions about his account activity. While Mr A may have found the nature of their conversation uncomfortable, he was asked appropriate questions. I say this because of the strong evidence Barclays held which pointed to his account being accessed using his registered devices, which would point to his involvement.

Mr A said he was discriminated against in branch when he needed access to funds. I was sorry to hear that he struggled financially at that time. However, based on my experience as an ombudsman, it's unlikely CCTV from that long ago still exists. Even so, Barclays' notes recorded from when Mr A was in branch indicate he was unhappy about not being able to withdraw his funds, that he disputed the amount left over from the stipend, and he was unhappy about being asked for further proof of funds. This must have been a difficult situation for him, but it appears Barclays needed further proof because the evidence he sent didn't directly verify the payment in question. So, I'm satisfied Barclays' decisions regarding the payment were motivated by their responsibility to establish Mr A's proof of entitlement and not because of his racial background.

Mr A disputes the balance of funds which Barclays eventually released to him. But I'm satisfied Barclays have shown they released the correct sum. They had allowed Mr A to withdraw funds on several occasions which reduced the balance they held. Their contemporaneous records say they allowed him to withdraw £228.37 on 12 October 2021, which comprised his wages from one employer and a small sum which constituted the balance that had previously been in his savings account (£7). And their records say they allowed him to withdraw £100 on 26 October 2021.

I see Mr A received an earlier payment from his other employer on 24 September 2021, which was spent via a cash withdrawal on 30 September 2021 and several direct debit payments. This was before he received his educational stipend, so I can't see how this reduced his balance after the stipend credited his account. I'm satisfied the available evidence indicates Barclays didn't make an error in how they calculated the balance they released to Mr A.

Barclays acted reasonably by initially preventing Mr A accessing his stipend, but they have not provided a satisfactory explanation as to why they took so long to review his situation again and to release his funds. Considering all the information I have seen, had Barclays reviewed their position promptly they ought to have taken the decision to release his balance on 1 December 2021. So, I find that Mr A should be awarded 8 percent simple interest per annum on that balance from 1 December 2021 until 17 November 2022 when his funds were released.

Barclays offered to refund the small payments Mr A disputed making after the account closed. As they have agreed to do this, I find they should refund those payments.

Putting things right

Subject to Mr A accepting this decision, I direct Barclays Bank UK PLC to:

- pay him 8% simple interest per annum on the final balance they held, calculated from 1 December 2021 to 17 November 2022. If Barclays considers that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell him how much they've taken off. They should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- pay him the sum of £3.97 which represents the total of the payments he raised as unauthorised.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 June 2023.

Liam King
Ombudsman