

The complaint

A company, which I'll refer to as S, complains about Barclays Bank UK PLC mishandling its mandate change, freezing its account and delaying the processing of its CHAPS payments.

Mr G, a director of S, brings the complaint on S's behalf.

What happened

In March 2022, Mr G and a business partner bought S. In advance, Mr G initiated the process to change S's bank mandate. However, several problems arose which meant the mandate wasn't changed in time. This caused S to have to find alternative ways by which to conduct its business.

In addition, in April 2022, Barclays froze S's account due to fraud concerns.

Also, over several months, S struggled to process some of its CHAPS payments due to Barclays' security checks.

S complained. S told us that:

- It had requested a mandate change in January 2022, which needed to be live by 1 March, but was only achieved on 22 March. The delay was partly due to S's application missing Mr G's signature, but it was also due to Barclays incorrectly setting up the forms and misdirecting its communications. S had to travel to a Barclays' branch on multiple occasions to get this fixed.
- In April 2022, Barclays froze S's accounts due to fraud concerns, which were never explained to S. This caused further inconvenience to S's business.
- Over a period of several months, Barclays repeatedly held up some of S's CHAPS payments, which caused S substantial embarrassment and reputational harm and further costs.
- Barclays had offered .NET as an alternative solution but, although S asked in April 2022 for this to be set up, it took several months to be operational. S frequently had to travel to a branch to make payments instead.
- Barclays failed repeatedly over many months to update the contact details on the account, causing multiple errors in communication.

Barclays considered S's complaint about the mandate change, frozen accounts and delayed CHAPS payments. It acknowledged that it had caused delays in updating the mandate, apologised and offered S £200 for the inconvenience caused. It did not agree that it had done anything wrong in relation to the account freeze or the processing of S's CHAPS payments. It subsequently considered a specific delayed CHAPS payment and made a payment to S as a gesture of goodwill for additional costs incurred.

Not content with Barclays' responses, Mr G brought S's complaint to our service.

Our investigator considered S's complaint but said that, in his view, the account freeze and CHAPS payment issues weren't due to errors by Barclays so it would be unreasonable to ask Barclays to cover losses caused by these events. He agreed that Barclays had made mistakes in updating S's mandate but didn't think this had caused S any loss. Therefore, he thought the £200 offered by Barclays was fair compensation for the inconvenience caused.

Mr G didn't agree with our investigator's view so asked for an ombudsman's decision.

Our investigator also explained that, where S had raised new issues, it would first need to raise these with Barclays before our service could consider them. Therefore, this decision does not address any delays by Barclays in setting up its .NET service for S, or any continued failure beyond the mandate change to update S's contact details. S has also raised concerns about Barclays' complaint handling procedures, but this is not an activity our service can consider.

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.

While I have read carefully the full correspondence between S and Barclays and considered all the evidence submitted, I have focussed my decision on the matters which I consider central to this complaint. I have set out below my assessment of the three disputed issues.

Mandate change

In January 2022, S requested a change to the mandate in advance of the company transfer planned for March. However, the process involved delays by both sides.

Initially, there was an inconsistency both in the name of the business and its registered address between Barclays' records and those on Companies House. This took some time to resolve.

Mr G says that he notified Barclays of his updated contact information in September 2021, but it appears that these changes were not captured by Barclays on its systems. Mr G called Barclays in late February to request this change again. He says that he needed to update S's contact details with Barclays on four or five further occasions.

Barclays has acknowledged that, when it sent the mandate change forms to S, they were sent with an incorrect business name on, and that it should have updated the name and address at the earliest opportunity. It has apologised for the delay this caused. It also acknowledged that there were occasions when its communication should have been clearer, which caused confusion.

But when S submitted the required forms, they were initially missing Mr G as a signatory, which also delayed matters.

By late March, the mandate was correctly established.

Having looked carefully through the evidence provided by both S and Barclays, it appears to me that both parties caused some delay in the mandate change. It is impossible to quantify precisely the effect of each mistake, but both contributed to the revised mandate not being in place by 1 March.

I can appreciate Mr G's frustration that, having started the process in good time in January, the mandate wasn't changed by the date of transaction, which caused some embarrassment and inconvenience. However, I have not seen that Barclays made any firm commitment to how long the process would take.

Mr G has set out various ways in which he believes the delayed change to the mandate affected S's business. However, on the evidence provided, it is not clear to me that S suffered any direct loss.

In considering how Barclays should compensate S for its part in causing the delays, I believe the £200 already offered to S is fair for the inconvenience caused and within the range that I would typically award in such circumstances.

Fraud blocks applied in April 2022

In April 2022, Barclays placed a series of blocks on S's accounts. Barclays has explained that this action was taken due to information received by the bank and in line with its normal procedures. The blocks were removed a few hours later.

I've looked into the explanation provided by Barclays for its actions, and it appears to me that Barclays acted in accordance with its policies, which are there to protect the assets of its customers. Therefore, I believe it acted appropriately in the circumstances and didn't do anything wrong.

For this reason, even though its actions might have caused S to incur some additional cost in the period its accounts were unavailable, and would no doubt have caused S's directors some distress and inconvenience, I do not believe I can fairly require Barclays to compensate S for this.

Delays in processing payments

S's business involves making many high-value payments by CHAPS transfer. The timing of these transactions is important to its customers, and therefore to S's reputation and regulatory authorisations. S says that, over several months, Barclays blocked and delayed some of its payments, causing it to incur substantial additional costs and damage to its reputation, and requiring its directors to spend considerable time resolving matters. S provided examples of when things had gone wrong.

I've looked into S's CHAPS transactions and it is clear that the majority of its payments completed on the day of instruction. However, there are a few instances where that didn't happen.

Barclays has explained that the problems resulted from necessary fraud checks. It says that, although it is very frustrating for a customer when a payment is referred for further checks, it has conducted each of S's payment requests in line with its usual procedures, which require fraud checks. Where it identifies a potential risk, it then carries out additional checks.

Having looked through the information provided about S's CHAPS payments, it appears to me that this is what happened when there was a delay. Many of S's requests took longer than S would have liked as Barclays' checks held up the completion of the transaction but, in line with its standard commitment, most transactions still completed on the same day. I have seen some instances when the transaction didn't complete on the same day, but this is either because the request was submitted after Barclays' cut-off time or because of the need for additional checks. This is in line with Barclays' standard procedures and, as these checks

are in place to protect its customers' funds, I cannot say that Barclays did anything wrong in applying this extra protection.

I acknowledge that the delays in processing some of S's payment requests caused S to incur additional costs, and some reputational harm. It also caused substantial inconvenience as its directors needed to attend a branch to authorise the payment. I also acknowledge that .NET, which was offered by Barclays to help address matters, took a while to set up.

Mr G has said that the compensation provided by Barclays in one instance of delay demonstrates its culpability and should therefore be reflected across all the delays it caused. However, the payment made by Barclays in that instance was a gesture of goodwill, and not because Barclays believed it had done anything wrong.

Even though the delays caused by S's fraud checks resulted in some harm to S, as I do not believe that Barclays did anything wrong in how it applied those checks, I cannot fairly require it to provide any compensation to S.

Summary

Overall, I have considerable sympathy for Mr G and his business partner for the difficulties they have experienced in conducting their business through a series of circumstances in their banking relationship with Barclays. However, having looked carefully through matters, I have not seen evidence to show that Barclays did anything wrong in how it applied a freeze to S's accounts or in how it held up some of S's payments for fraud checks. I know Mr G will be disappointed by this decision. I have seen that Barclays caused some delay in changing S's mandate in early 2022 but I believe the amount already offered by Barclays for this is fair.

My final decision

I uphold this complaint in part and require Barclays Bank UK PLC to pay S £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 18 May 2023.

Andy Wright
Ombudsman