

The complaint

Mr Y complains that Barclays Bank PLC unfairly blocked his accounts and took too long to release the money in his accounts back to him. He says this caused him a lot of problems and he wants compensation.

What happened

Mr Y had two accounts with Barclays – a current account and savings account.

In February 2023, Barclays reviewed Mr Y's accounts after it had received a fraud report from another bank concerning £200 which had been paid into Mr Y's current account. Whilst it completed its review Barclays blocked Mr Y's accounts – which meant Mr Y couldn't access any money in the accounts. During its review Barclays asked Mr Y to provide information about a number of other credits that had been paid into his account in February 2023. Mr Y provided what he could about the payments to Barclays. And said he was happy for Barclays to return the £200 back to the sending bank.

Following its review, Barclays decided to close Mr Y's accounts immediately. Barclays wrote to Mr Y on 14 March 2023 giving him notice that he'd need to make alternative banking arrangements. And asked him to provide proof of his entitlement to the funds remaining in his account so that it could release his balance. At the time Mr Y's balance was around £7,400. Mr Y sent Barclays some information. Barclays looked at the information and said it wasn't enough to show Mr Y was entitled to the money in his account. So, on 24 March 2023, the bank sent him another letter asking for more information, including information about the £200 credit. Mr Y responded and sent in further information. Barclays wrote to Mr Y again on 12 April 2023 and 4 May 2023, asking him about the £200 credit only.

On 17 May 2023, having reviewed the information Mr Y provided, Barclays said it was happy for Mr Y to attend a branch to get the balance of his account, not including the £200 credit. Mr Y went into a branch on 1 June 2023 and withdrew his funds.

Mr Y complained to Barclays about the restrictions on his accounts. He telephoned Barclays to try and find out what was happening with his accounts and the reasons behind the bank's actions. He told Barclays that he suspected the bank had blocked his accounts because of certain transactions that came into his account which were linked to overseas business he was doing. He said he felt Barclays were discriminating against him on the basis of his nationality. And that the bank had taken a long time to release his money. Barclays didn't provide Mr Y with much information and said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations.

Mr Y wasn't happy with the bank's response and brought his complaint to this service. He explained that the restrictions on his account meant he'd struggled financially, and it was very difficult to provide for his family as he couldn't access the money in his accounts. He also said his mental health suffered. He said that the whole experience had been upsetting and stressful for him. So, Barclays should pay him compensation.

One of our investigators reviewed the complaint. She thought Barclays hadn't done anything wrong when it blocked and closed Mr Y's accounts. She said they'd acted in line with their legal and regulatory obligations. And had treated Mr Y fairly when it decided to close his accounts. However, she said Barclays took too long to release Mr Y's funds back to him. Based on the evidence, she said Barclays could have released Mr Y's funds on 12 April 2023, because by that time the bank was happy with the information Mr Y had provided about most of money in his account. And only had concerns with the £200 credit. So, she said Barclays had kept Mr Y's funds for longer than it should have done. She said Barclays should pay Mr Y £150 compensation for the distress and inconvenience this had caused him. And 8% simple interest on the balance of Mr Y's accounts from 12 April – 17 May 2023.

Barclays accepted what the investigator said. Mr Y disagreed. He said the amount of compensation doesn't adequately reflect the amount of trouble and upset he'd suffered. He wants more compensation.

As no agreement could be reached the complaint has come to me 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.

Firstly, as the investigator has already explained, Barclays has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To fulfil these obligations Barclays may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks. The terms of Mr Y's account also permit Barclays to review an account and ask its customers for information.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Barclays to block Mr Y's accounts. Barclays has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Barclays were complying with its legal and regulatory obligations. And it enabled Barclays to consider how best to react to the information it had received from the sending bank about the £200 payment and what Mr Y said about it. So, whilst I accept, the bank's actions caused Mr Y inconvenience and upset when it decided to block his accounts and ask him to provide information, I can't say the bank did anything wrong and treated him unfairly in doing so.

However, while Barclays are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. We'd also expect them to release a customer's money as soon as it had completed its enquiries and was happy to do so. Barclays initially blocked Mr Y's account on 27 February 2023. I can see that Barclays asked Mr Y to provide it with information and Mr Y did so. And that by 12 April 2023 Barclays were only asking Mr Y about the £200 credit in February 2023, which suggests to me the bank was satisfied that Mr Y was entitled to the other money in his accounts. And had no further concerns. However, it wasn't until 17 May 2023, that Barclays advised Mr Y could access his money by going into a branch. Barclays hasn't offered any explanation for why it didn't let M Y know sooner than it did that he could access his money. So, I'm satisfied Barclays has caused unnecessary delays in releasing Mr Y's funds to him.

Barclays has accepted it should have told Mr Y that he could get his money in April 2023 rather than in May 2023. Barclays has agreed with the investigator's view to pay

Mr Y £150 compensation for the trouble and upset caused by the delay, together with 8% interest for loss of use of his funds.

In response to the investigator's view Mr Y said Barclays actions had caused him financial problems, which meant he couldn't provide for his family. He's also said that the restrictions caused him stress, anxiety and that his health suffered. So, he says the compensation offered isn't enough to reflect the amount of trouble, financial loss and upset he's suffered.

I've considered what Mr Y has said about how Barclays's actions impacted him. But I've not seen any evidence that Mr Y lost out financially due Barclays actions. I've no doubt this was a worrying and upsetting time for Mr Y but for me to award more compensation I'd have to be satisfied that the delays caused an unreasonable level of inconvenience and financial loss. And despite being asked to do so Mr Y hasn't provided evidence to support his financial losses. So, it wouldn't be fair of me to tell Barclays to pay financial loss or compensation for something there's no evidence of.

Turning to awards for non-financial loss there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Barclays's actions have had on Mr Y and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

Based on the evidence I've seen I think it's fair to say the delays in releasing Mr Y's funds caused Mr Y worry and upset. And I agree some compensation is appropriate for this. I say this because Mr Y had to spend time contacting Barclays and he had to wait more than a month for Barclays to release his funds after the bank had completed its enquiries. So, I can appreciate this would've been inconvenient and upsetting for him. And it's only right that Barclays recognises this. However, I'm satisfied that £150 along with 8% interest is a fair amount of compensation and proportionate to the trouble and upset Mr Y was caused. So, while Mr Y may disagree with me, I'm satisfied that the compensation recommended by the investigator recognises the impact Barclays's actions had in the overall circumstances of this complaint. So, I won't be directing Barclays to pay any more.

I've next gone on to consider whether Barclays acted fairly when it closed Mr Y's accounts. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Barclays have relied on the terms and conditions of Mr Y's accounts in closing them. The terms and conditions outline that Barclays can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case the Barclays closed Mr Y's accounts immediately. For Barclays to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that Barclays did. So, it was entitled to close the accounts as it's already done.

Mr Y has also said that he feels Barclays discriminated against him when they blocked and closed his accounts. While I can appreciate this is his perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr Y has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that this was the case. So, I haven't found that Barclays decided to close the accounts for an improper reason.

In summary, it's clearly caused Mr Y trouble and upset when he wasn't able to use his accounts and he had to wait longer than he needed to get his money I appreciate it must have been a worrying and frustrating time for him. So, I realise he will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. And I'm satisfied that £150 compensation along with 8% simple interest is fair and reasonable. So, I won't be telling Barclays to do anything else to resolve Mr Y's complaint.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right Barclays Bank UK PLC should:

- Pay Mr Y £150 compensation for the trouble and upset caused by the time taken for Barclays to release the money in his account back to him
- Pay Mr Y 8% simple interest on his total account balances between 12 April and 17 May 2023

HM Revenue & Customs require Barclays Bank UK PLC to withhold income tax from the above mentioned interest. Barclays should give Mr Y a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 2 November 2023.

Sharon Kerrison
Ombudsman