

The complaint

Mrs and Mr D complain that Barclays Bank UK PLC blocked their account when they tried to make a payment to a friend.

What happened

Mrs and Mr D attempted to transfer £50,000 from their account to a friend. They say the money was withheld while Barclays fraud department completed checks on the payment, while it established it was genuinely them making the payment. Barclays then gave them the go ahead to make the payment but told them to be cautious, so they interpreted this as they should double check the money was actually going to their friend's account. When they transferred the funds, they split up the £50,000, making sure that their friend received it, but when they were making the last transfer, Barclays blocked their account. Mrs D contacted Barclays but it would not unblock their account as it didn't believe the purpose of the transfer was valid. Mrs and Mr D said they were later told Barclays look at each transfer separately and this is bank policy. Mrs and Mr D made a complaint to Barclays.

Barclays partially upheld Mrs and Mr D's complaint. It said when investigating payments, its fraud prevention system does so individually for each transaction, meaning that even though four transactions were for the same purpose, they were investigated separately, which is standard bank process in line with its terms and conditions. Barclays said Mrs and Mr D were referred to a Barclays branch after the last payment was deferred because there was suspicion during the call around identification and verification. Barclays said when a customer is referred to a branch it applies a temporary hold on the account until proof of identification is shown in branch. It said processes are frozen during this process, so Mrs and Mr D being informed that they could normally use their account was an error. It offered them £50 compensation for the error. Mrs and Mr D brought their complaint to our service.

Barclays told our investigator that its final response letter contained incorrect information as its response said Mrs and Mr D visited a branch and the blocks were removed on 15 November 2022, but this is incorrect, so they increased their offer of compensation to £200. Our investigator said this was fair as this was in recognition of the error Barclays made. But he said Mrs D does need to visit a branch with identification to remove the block and as she hasn't done this, then he couldn't say that Barclays were acting unfairly by keeping the block in place. Mrs and Mr D asked for an ombudsman to review their complaint. They said Barclays staff should act in tandem with each other but allowing each agent to judge on their own is totally unfair and unethical. Mrs D explained that due to her health she is unable to visit a Barclays branch.

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'd like to explain to Mrs and Mr D that it is not within this service's remit to tell a business how to run their security procedures in order for the business to be satisfied they are meeting their regulatory requirements. It would be the role of the regulator – the Financial

Conduct Authority, who have the power to instruct Barclays to make changes to their policies and procedures, if necessary.

Banks and building societies have an obligation to try and keep its customers' accounts safe and prevent them being victims of scams. Sometimes they identify and block legitimate payments due to security concerns. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean it has acted incorrectly.

I know Mrs and Mr D feel that it is unfair/unethical that one fraud agent allowed the payment to go through and the second agent didn't allow the payment to go through. But I'm not persuaded by this. I say this because while the reason may be the same for both payments, the circumstances were not the same despite the time between the payments being relatively close to each other.

For the first payment, Mrs and Mr D were trying to transfer a single payment of £50,000. The first fraud agent asked questions regarding the payment and deemed it acceptable to remove the block. She was clear to Mrs D that she could retry the payment. She didn't tell Mrs D to split the payment and make multiple payments and Mrs D didn't suggest she would do this. So the fraud agent removed the block on the basis of what Mrs D told her for the single payment of £50,000 and told her to retry this payment.

But Mrs D didn't do this. Had she retried the £50,000 payment then it would appear this transaction would have completed without a block being placed on the account. But instead, when different payments were made and Barclays fraud detection flagged one of these payments, then this is why the second fraud agent would need to investigate the flagged payment – which wasn't an agreed singular payment of £50,000. So already there would be differences between the conversation with the first call handler and the second call handler. And when the second call handler asked Mrs D if she had tried to pay this person earlier that day, she didn't directly answer this question as she referred to the previous fraud call – but this wasn't what she was being asked.

Barclays terms and conditions document on page 33-34 the reasons why it doesn't have to carry out an instruction. And I would expect Barclays fraud detection systems to check every transaction in order to protect Mrs and Mr D's account from fraud. It is unfortunate that Barclays blocked the account in order to protect Mrs and Mr D's account – but I can't say its done anything wrong in doing this. It is up to Barclays how it tries to safeguard its customer's funds to ensure that its customers are not victims of any fraud or scams. Here it acted in line with its terms and conditions and refused the transaction as it had concerns about the payment. I would expect it to take actions like blocking an account in this instance, to ensure that funds can't leave the account until they can verify the customer in branch – which is their process here.

I've considered what Mrs D has said about her not being able to visit a branch. I asked Barclays what could be done about this. It confirmed that while it would require each individual to visit the branch with two forms of identification as requested by the fraud team, it is not aware of any vulnerabilities regarding Mrs D. But it has said that a home visit could be arranged for Mrs D by contacting her local Barclays's branch.

So I'm satisfied this would be a reasonable adjustment that Barclays could make here if Mrs D were to contact the branch to make the home visit (or Mr D could find out how she could do this if he goes into the branch with his two forms of identification as both individuals need to provide the required identification). I'm not persuaded a Power of Attorney (POA) would be required here as Barclays have said if a POA went into the branch, the branch would need to use discretion as it wouldn't be aware if Mrs D was being coerced.

As part of my investigations into this complaint. Barclays have disclosed information which it allowed me to share with Mrs and Mr D. Barclays have said it has detected the use of a third party remote access tool within the device logged into online banking, and as a result of this, it would recommend removing this tool and completing a thorough virus and malware scan before accessing its online banking platform in the future.

Although I'm satisfied Barclays were within its rights to take the action it did to protect the account, I'm persuaded that they have let Mrs and Mr D down by giving them incorrect information in its final response letter. I say this because they didn't visit a branch and the blocks weren't removed by them visiting a branch. And they were informed that they could use their account normally which was an error. So this will have been distressing to Mrs and Mr D that Barclays had given them incorrect information about the block being removed when it hadn't been, and they were aware they hadn't visited the branch.

Barclays increased their offer of compensation to £200 due to the correct information. And I'm satisfied this is fair as I'm persuaded it recognises the impact this incorrect information would have had on Mrs and Mr D. So it follows I'll be asking Barclays to put things right for Mrs and Mr D.

Putting things right

Our investigator suggested that Barclays pay Mrs and Mr D £200 compensation, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint in part. Barclays Bank UK PLC should pay Mrs and Mr D £200 for distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 14 September 2023.

Gregory Sloanes
Ombudsman