

The complaint

Ms A complains that Barclays Bank UK PLC (“Barclays”) failed to properly administer her account which resulted in a loss of funds.

What happened

Ms A made two payments from her account which weren’t immediately processed by either the merchant or Barclays. A third transaction was reported by Ms A as unrecognised.

Ms A later confirmed to Barclays that two of the transactions were genuine and one was fraud. Barclays removed the fraudulent payment, but the other two payments weren’t taken from her account for a few months.

Ms A believes that the two payments have been taken twice from her account and as a result she’s missing funds which she wants Barclays to refund. Ms A has also complained that when the two payments were taken (again), it left her short of funds whilst out shopping and she was unable to purchase food for her family.

Barclays confirmed that there had been an issue with the processing of some payments during the period Ms A used her account. They’ve said that when the payments were originally made, her available balance was reduced corresponding to the two payments. Due to the processing issue, the funds never fully completed the payment process (by crediting the merchants accounts) and the funds were then made available again on Ms A’s account.

It appears that the fraudulent transaction caused the other two genuine payments to be held by Barclays to protect Ms A’s account from further fraud. Barclays accept that they delayed dealing with the issue and it wasn’t until a few months later that the two earlier transactions were finally credited to the merchant’s accounts.

Barclays have said that they sent requests for information to Ms A for her to confirm whether the original three payments were either genuine or fraudulent. In those letters, Barclays stated that any payments confirmed as genuine would be debited from the account within three days of the receipt of the response. Ms A responded that two of them were genuine and the third was fraudulent. The fraudulent payment had already been reversed when first reported, so nothing further was done regarding that transaction.

Once Barclays received confirmation that the other two were genuine, they released the payments to the merchants. It was at this point that Ms A’s account’s available balance was much less than she anticipated, causing her embarrassment when out shopping.

Ms A complained to Barclays about the issue, believing that she’d had the funds taken twice and her account balance was less than it should be. Ms A believed that Barclays had never credited her account with any funds.

Barclays accepted that they’d administered the account poorly and paid £70 compensation to Ms A, but they didn’t accept that her account was missing any funds. Ms A was left unhappy with how Barclays had handled her complaint and still believed they owed her

about £600. Ms A then brought her complaint to the Financial Ombudsman Service for an independent review.

An investigator was assigned to the complaint and asked both parties for information about what had happened. Ms A continued to believe that Barclays had failed to properly account for her funds and she was left with less money than she should have. She was left upset when her account finally debited the original funds (she believes this was the second time) because it left her short of funds whilst out shopping. Ms A also thought that Barclays had been rude to her because she was told to check her own statements when she believed this was Barclays role.

Barclays accepted there had been a processing issue with some payments and that they'd delayed sending letters about the transactions to Ms A for nearly two months. They didn't accept that the account was missing any funds and the original transactions had only been settled once. Barclays explained that their letters notified the account holder about when genuine transactions would be debited from the account, so Ms A would have been aware when this was happening.

During the investigation, Barclays offered a further £50 compensation which Ms A refused. After reviewing the complaint, the investigator thought that Barclays total offer was reasonable to reflect the poor service Ms A had experienced. She didn't think that Ms A had lost any money because the original transaction hadn't fully debited her account, so the funds had then been made available to Ms A's account at the time.

Ms A disagreed with the investigator's outcome and continued to argue that she was out of pocket by several hundred pounds. She didn't think that Barclays offer of compensation was enough.

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.

There are two main aspects to this complaint, one disputed transaction reported as fraud by Ms A and then a belief that Barclays administered her account in error which resulted in funds missing from her account.

Barclays accepted the disputed transaction as fraud. The payment was reversed at the time of the original report which means that Ms A's account wasn't adversely affected by this. Her funds were returned to her, so I won't be considering this any further.

Regarding the other two payments, it's apparent that there was an issue with how they were administered which Barclays accept they were at fault for delaying the final processing of the two genuine payments.

I accept that errors do occur and it's important how a business responds to those errors. Here, Barclays no doubt could have done better, particularly by reducing the time between the original report of the problem and the final processing of the payments.

Having looked at the statements related to Ms A's account; those two transactions have only debited once. I understand Ms A believes they left her account previously and this has left her out of pocket. Unfortunately, the evidence doesn't support that assertion.

I've no doubt at the time Ms A's account reflected the available balance which had been reduced by the two transactions she'd made. That's a normal way for an account to operate

because when a transaction is made, the account is checked to make sure there are sufficient funds in it. They are then removed from the available balance because those funds have already been spent.

Usually, the merchant would complete the process and the funds would eventually credit their account. That didn't happen here and for a number of reasons, the transactions didn't fully complete, so they were then made available again as part of the balance on Ms A's account.

On this occasion there wouldn't be an obvious "credit" because the funds hadn't fully left the account. So, whilst I accept that Barclays could have done better, I haven't seen any evidence to support Ms A's assertion that she's somehow out of pocket.

When Ms A brought this to the attention of Barclays, they asked her to go over her statements and provide information concerning the loss she was claiming. Ms A thinks Barclays were rude to her and it was their responsibility to check her accounts.

I don't think it was unreasonable for Barclays to ask Ms A to point out why she thought she'd lost money. Barclays couldn't see any loss, so it could only have been Ms A who was able to explain why she thought she was out of pocket. I haven't seen any evidence that would lead me to conclude that Barclays were rude to her and asking her to check her account was appropriate in these particular circumstances.

When Barclays eventually wrote to Ms A, they asked her to complete several forms to declare whether the transactions were either genuine or fraudulent. Those letters stated that any genuine transactions would be debited from the account three days after the response was received. Whilst I understand that Ms A was caught out when her account had less money than she thought it should have, Barclays had advised her this would happen.

Overall, I think that Barclays service could have been better, but Ms A hasn't lost any funds as a result of either the fraudulent payment or the two genuine transactions. I think Barclays offer of £120 compensation is both fair and reasonable.

Putting things right

Barclays have already paid £70 to Ms A and should now pay Ms A a further £50 which they've previously offered.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC and they're now required to settle the complaint as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 8 September 2023.

David Perry
Ombudsman