

The complaint

Mr and Mrs J complain that that Barclays Bank UK PLC removed money from their account unfairly.

As Mrs J is the principal complainant, I will refer to her throughout my decision for ease.

What happened

As the circumstances of this complaint are known to both parties, I've summarised them briefly below.

In early 2023, Barclays received a fraud report from a third-party bank claiming that funds held in Mrs J's account were obtained by fraud. The third-party bank requested that the funds be returned to its customer.

Barclays have said that, in line with its terms and conditions, it froze Mrs J's account to investigate the report and provided her with an opportunity to submit evidence of entitlement to those funds.

Mrs J gave Barclays documentation to support her claim that she legitimately held the funds in her account, including evidence of the money being provided to her by the sender and a contractual agreement on how it was to be spent.

Barclays reviewed the evidence provided by both Mrs J and the third-party bank and decided she wasn't a witting participant in fraud. It therefore removed the restrictions from the account. But it decided to return the remaining funds in the account, totalling £7,158, to the third-party bank.

Mrs J was unhappy with this. She says that she legitimately held the funds and Barclays had no right returning them. She also felt that Barclays' actions caused further detriment to her in legitimising the sender's claim and subsequently caused harm to her reputation.

Barclays looked into Mrs J's complaint but didn't agree it'd made an error. So, Mrs J approached our service for an independent review.

An Investigator considered the evidence provided by both parties and concluded Barclays had made an error. In summary, they thought that Barclays didn't have a right to return the funds back to the sender. They agreed that the error in returning the funds did cause Mrs J distress and inconvenience and recommended it pay £250 in compensation. However, they didn't recommend that Barclays should reimburse the funds as they were gifted and not intended for personal use by Mrs J as part of the contract.

Mrs J didn't agree with Investigator's assessment or recommendations. She agreed she wasn't entitled to be reimbursed the money that had been returned to the sender, but she wasn't happy with the compensation recommended. She argued that the error caused serious damage to her reputation and resulted in personal threats and an online bullying campaign.

As Mrs J didn't agree with the Investigator's findings, the matter has now been passed to me for a final decision.

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'm in agreement with all parties, and the Investigator, that Barclays weren't entitled to send the funds back to receiving bank. I'm also in agreement that Mrs J isn't entitled to a reimbursement of these funds despite the error as these were gifted with contractual terms for what they were to be used for. And this wasn't for Mrs J's personal use.

As all parties agree on these complaint points, I don't intend to cover them again and give findings. But I will naturally refer to evidence relating to these points when making my finding on the matter still in dispute.

Barclays has agreed to pay the £250 recommended by the Investigator to compensate for the distress and inconvenience caused. But Mrs J doesn't think this is a fair reflection of the impact of its actions.

Mrs J was in dispute with the sending bank account holder over the money that was gifted. And Mrs J has argued that Barclays' action in returning the funds to the sender legitimised the sender's dispute and, in turn, led to a campaign against her after the return of funds was disclosed by the third-party in the dispute.

I have considered Mrs J's arguments carefully and empathise with the trauma she'd suffered here. Mrs J has provided evidence to support the fact that she was having to deal with personal family issues along with relentless campaigns against her by various methods. But I can only hold Barclays liable where it is the cause of these factors.

While I understand Mrs J will be disappointed, I don't find that Barclays should be held accountable for the distress caused to her by the factors I've described above. Barclays wasn't the primary cause of the experience she went through. And I don't find it reasonably could have foreseen that its error would have led to the third-party using this in a defamatory way.

I realise that Mrs J feels that £250 is an insulting amount to award considering what she's been through. But I don't find it fair or reasonable to expect Barclays to pay compensation for the impact others have had on her that was outside its control.

Nevertheless, Barclays has made an error. And that error has no doubt caused Mrs J further distress and inconvenience on top of all of the issues she was facing at that time. For that alone, I find that £250 is an appropriate award in the circumstances to compensate her. She clearly felt insulted by the decision to remove the funds from her account when they shouldn't have been. And she had been caused further inconvenience from having to dispute this with the bank.

Mrs J has also questioned how the third-party knew so much about her account and feels Barclays has breached data protection laws in disclosing her personal information. But I can't see Barclays has ever communicated with anyone other than the sending bank as part of the claim. And it can't be held responsible for any information disclosed by a third-party.

Putting things right

Barclays made an error in returning funds from Mr and Mrs J's account to a third-party bank. And for the distress and inconvenience caused by that error, it should pay her £250.

My final decision

For the reasons I've given above, I uphold this complaint and direct Barclays Bank UK PLC to:

- Pay Mr and Mrs J £250 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 29 December 2023.

Stephen Westlake
Ombudsman