

The complaint

E, a limited company, complains Barclays Bank UK PLC won't refund transactions it says it didn't authorise.

What happened

E held a business account with Barclays. This complaint is brought by a director, Mr T. In late June 2020 Barclays blocked E's business account due to suspicious activity. The account was reviewed, and this process included the account mandate holders Mr T and a third party who I will refer to as D losing access to the account. In order to gain access again Mr T and D had to attend branch with identification documents and proof of address. On 6 July 2020 the blocks on the account are removed for D and a new card was issued to D. Mr T attended branch on 24 July 2020 with documents but was informed these weren't enough to remove the blocks, and he needs to bring in a personal account statement. During this branch visit Mr T explained to the member of staff that D had left the company back in 2019 and should be removed from the account.

Mr T's checks were carried out after multiple visits to the branch and the blocks on the account were removed for him on 11 August 2020. Mr T immediately raises a fraud claim with Barclays as there are multiple transactions on the account which he says he didn't authorise. Barclays explained it would issue claim forms for the transactions Mr T wanted refunded. Initially the forms were sent to D in error, and they were issued to Mr T on 29 September 2020. During this period Mr T had raised a complaint with Barclays about the service received, in particular Mr T complained about poor communication and the fact the claim forms were sent to the wrong party. Barclays agreed it could've done better and it paid E £200 in recognition of the poor service. It explained it would review the fraud claim in full once it received the forms from Mr T.

Mr T referred his complaint to our service in November 2020, and we requested further details. At this stage the fraud claim hadn't been fully reviewed by Barclays. Mr T didn't contact our service again until March 2022 and he explained he had multiple health issues which impacted his ability to move forward with his complaint. Our service reviewed Mr T's complaint, and an Investigator explained the complaint was referred to our service within the necessary timeframes. They also explained that based on the available evidence they wouldn't be upholding E's complaint. This was because the third party- D - who carried out the transactions was a signatory on the account and had the relevant authority to access funds. They also found the £200 offered to E for poor service was reasonable.

Mr T disagreed, explaining D had changed contact details for E so he wasn't informed of the transactions being carried out. He also reiterated that D had been removed as a director of E in 2019. The Investigator reviewed Mr T's comments alongside the available evidence and issued further recommendations. These recommendations upheld E's complaint in part, explaining Mr T had informed Barclays D was no longer a director of E on 24 July 2020. The Investigator recommended Barclays refund all disputed transactions from this date onwards, with 8% simple interest.

Mr T accepted the recommendations made. Barclays responded explaining that it had never

received a list of all the disputed transactions from Mr T and our service, so it hadn't had an opportunity to fully review the fraud claim. It also queried the refund amount as specific details hadn't been provided. As no agreement could be reached, the complaint was referred for an ombudsman's decision.

Whilst the complaint was awaiting a decision further information was requested from Mr T and Barclays. Mr T was asked to provide a clear list of the transactions he disputed, and Barclays was asked to provide its full review of the complaint and the evidence it was relying upon. Barclays confirmed it would not be refunding the disputed transactions.

As no agreement could be reached, the complaint was referred for an ombudsman decision.

I issued my provisional decision on 22 May 2024. As the deadline has now passed I will issue my 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've included my provisional decision below.

E is represented by Mr T, the sole director of E. Mr T has provided detailed submissions about the complaint and the impact it has had on him and E. Mr T has also outlined the significant financial losses incurred. I'm aware I've summarised this complaint briefly. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. This simply reflects the informal nature of our service.

The timeline of events leading to this stage show that this has been a lengthy and at times confusing process for Mr T. However, having looked at the complaint fully, my review of the available evidence has led me to the same overall conclusions as the Investigator previously set out. I will explain why.

Mr T brought the complaint to our service on the basis that there were transactions on the business account of E which he didn't authorise. I understand why Mr T has outlined his complaint in this way, as he says the transactions weren't made by him and Barclays started reviewing the complaint on the basis these were fraudulent transactions.

However, after reviewing the available evidence the complaint appears to concern mandate issues and the administration of the account by Barclays. Essentially the key issue is whether the right individuals had access to E's business account. Mr T claims D made the unauthorised transactions on the account after D left the business. I've considered these comments alongside the information provided by Barclays, and I think Barclays should've taken further steps to protect E's account.

I say this because D left E as a director and company secretary in July 2019. Mr T accepts D wasn't removed from the business account with Barclays at the time. Mr T has provided detailed information about his personal circumstances at the time and why this wasn't actioned as soon as D left the business. In any event, following a review of the account Barclays blocked E's account in June 2020. Mr T attended branch multiple times to regain access and it is during these visits that it becomes clear to Mr T that D still has access to the account. Barclays' notes show that on 24 July 2020 Mr T explained in branch that D should no longer be on the account mandate. At this stage, Mr T was going through the relevant checks, and it doesn't appear D was removed, or any restrictions were placed on D's access

to the account.

Given Mr T's comments I think it would've been reasonable for Barclays to take some action immediately at this point to protect the account. Although D appears to have met the requirements for the checks undertaken by Barclays and access had been granted again, Mr T's comments should've resulted in some action to ensure D had legitimate access to the account. For example, a check of Companies House would've highlighted that D was no longer listed as a director or company secretary.

Based on the timeline of events, it seems D had blocks removed from the account and a new card was issued. D also updated E's address and contact details, which meant contact was sent to D rather than Mr T. There is limited technical evidence from Barclays but based on what is available it seems the transactions were carried out with the new card issued to D ending in 0025. These began on 4 August 2020 and lasted until 11 August 2020 when Mr T attended branch and confirmed D needed to be removed. During this period there were cash withdrawals and a number of chip and pin transactions. The activity on the account is significant, with just under £10,000 spent in just over a week. Barclays' notes indicate the fraud team were alerted to the spending on the account given the volume of transactions. Given all the activity on the account and the fact it had recently been blocked due to concerns, I think Barclays should've taken pro-active steps here to ensure the account was safeguarded.

Mr T has included transactions prior to 4 August 2020 which he says he did not authorise. However, given D remained on the mandate and Barclays hadn't been notified of D's removal from E I don't consider it fair to hold Barclays liable for these transactions. It therefore follows that I intend to uphold E's complaint in part.

Responses to provisional decision

Barclays responded to my provisional decision and accepted the proposed resolution. It agreed to refund E transactions between 4 August 2020 to 11 August 2020 which amounts to £13,793.50 less the transactions that were reversed back to the account. These included:

- Southall the Bro £2,000 on 5 August 2020.
- Curry's online for £499 on 10 August 2020.
- Curry's online for £554 on 10 August 2020.

Barclays explained the total refund would amount to £10,740.50 plus 8% interest.

This offer was outlined to Mr T, and he explained this was not appropriate compensation for E. Mr T provided detailed submissions about the impact Barclays' decision not to refund these transactions had on the business. I can assure Mr T I have carefully considered the comments made, but I don't agree the proposed settlement should be increased.

I say this because the £10,000 transaction Mr T has also disputed was made prior to the period when Barclays was aware of the issues with D having access to E's account so I don't think it would be fair to hold it liable for this transfer. As noted in my provisional decision above, the period between 4 to 11 August 2020 is the key timeframe where I think Barclays can be held liable for transactions carried out by D.

I understand Mr T's comments about the impact this matter had on the business of E. I don't doubt this was a challenging period, but ultimately the key issue here is the breakdown of the relationship between Mr T and D, and D's decision to utilise the access it still had to E's bank account. Although Barclays should've taken more steps to protect the account, I don't think it can fairly be held liable for the losses to the extent outlined by Mr T.

Mr T has also referred to various pieces of legislation, but I must highlight this service is not a court of law. We are an informal dispute resolution service, and although we take into consideration relevant law, it is one of many factors we will consider when assessing disputes. Our role is not to punish businesses either, and although I agree Barclays should've done more in this case, I think the compensation outlined in my provisional decision and the £200 payment already made to Mr T are adequate given the circumstances.

I realise that this is not the outcome Mr T was hoping for E, and he will be disappointed by the amount of compensation I deem fair. But I hope my decision provides some clarity around why I won't be asking Barclays to refund the full amount E has claimed.

Putting things right

For the reasons outlined above my decision is that I uphold this complaint in part. Barclays Bank UK PLC has already paid E £200 for the service issues. In addition to this, I direct Barclays Bank UK PLC to do the following:

- Refund transactions on E's account from 4 August 2020 to 11 August 2020.
- Barclays can deduct the three transactions which were reversed back to the account, as detailed above.
- Apply 8% simple interest to the total amount refunded to E.

My final decision

I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 10 July 2024.

Chandni Green
Ombudsman