

The complaint

Mr A is unhappy that Barclays Bank UK PLC restricted his account.

What happened

In July 2023, Mr A noticed that Barclays had restricted his account. Mr A was contacted by Barclays who asked him about a recent payment received into his account. Mr A explained to Barclays that the payment was money that was owed to him by a work colleague. Barclays then removed the restrictions from Mr A's account, only to re-restrict the account again shortly afterwards, and it wasn't until several further weeks passed that Barclays again removed the restrictions on Mr A's account. Mr A wasn't happy about what had happened or the service he'd received from Barclays surrounding it. So, he raised a complaint.

Barclays responded to Mr A and said that they felt they hadn't done anything wrong by restricted his account as they had. But Barclays accepted that they hadn't provided Mr A with the standard of service they aspire to surrounding the blocking of his account, and they apologised to Mr A for this. Barclays also made payments totalling £200 to Mr A as compensation for any trouble or upset he may have experienced, as well as a further £15 to reimburse him for taxi fares he'd had to incur. Mr A wasn't satisfied with Barclays response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt the response Barclays had issued to Mr A's complaint already represented a fair resolution to what had happened. Mr A remained dissatisfied, so the matter was escalated to an ombudsman 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 issued a provisional decision on this complaint on 21 March 2024 as follows:

Barclays have explained that they restricted Mr A's account because they received a report from another bank that Mr A may have been the beneficiary of investment fraud. Having received such a report, I'm satisfied that it was fair and reasonable for Barclays to have acted in response to that report and to have restricted Mr A's account as they did. Indeed, given the moral and regulatory obligations impinging on all banks surrounding potential instances of fraud, I feel that Barclays had no reasonable choice other than to restrict Mr A's account in response to the report from the other bank that they received.

When Barclays restricted Mr A's account, they no longer accepted or acted on any instructions that Mr A might have wanted to give to Barclays regarding his account (such as making a payment or making a withdrawal). Barclays right to act in this manner is included in the terms and conditions of the account, to which Mr A agreed when opening the account. This is as follows:

"When we don't have to follow your instructions

We'll do all we can to carry out your instructions. However, we don't have to follow an instruction for any of these reasons.

...

We reasonably think that a payment into or out of an account is connected to a fraud, scam or any other criminal activity..."

As explained, Barclays received a report from another bank which said that it believed that Mr A may be benefiting from investment fraud. As such, I'm satisfied that it was reasonable for Barclays to think that the payment into the account about which they held concerns may have been connected to potential fraud, such that the clause listed above validly applies. Barclays first restricted Mr A's account in response to the report it received from the other bank on 7 July 2023. But Barclays didn't conduct its potential fraud review of Mr A's account until 24 August 2023, nearly seven weeks later.

Barclays have explained that they have no set timescale for when a review of this type will be conducted. But it doesn't seem fair or reasonable to me that Mr A would have his account restricted for seven weeks in these circumstances.

This is especially the case given that Mr A spoke with Barclays on 11 July 2023 – four days after the account was restricted – and explained that the payment into his account about which Barclays were concerned was a repayment of money owed by a work colleague. Indeed, Barclays un-restricted Mr A's account at that time, based on that explanation, only to re-restrict the account shortly afterwards. And Barclays appear to have eventually accepted Mr A's explanation of what happened when they did finally conduct their review, over six weeks later.

It's also notable that Mr A called Barclays several times while his account remained restricted to try to arrange the un-restriction of his account. And one of these calls resulted in Mr A being told that he needed to visit a Barclays branch, which he then did, only to discover that the branch staff couldn't help him.

As explained, I don't feel that Barclays did anything wrong by restricting Mr A's account in response to the report they received from the other bank as they did here. But I do feel that Mr A provided Barclays with sufficient information surrounding their concerns such that it isn't fair or reasonable that Mr A should have had to wait seven weeks for Barclays to remove the restrictions on his account.

Barclays accept that Mr A didn't receive the standard of service surrounding the restricting of his account that he was reasonably expected to receive, and they've paid compensation totalling £200 to Mr A because of this (as well as a further £15 taxi fare reimbursement). But I don't feel that Barclays have fully grasped the impact that the restricting of the account had on Mr A for such an unreasonable length of time. And ultimately, it isn't Mr A's fault if Barclays don't have the capacity to conduct fraud reviews in a timely manner.

Accordingly, I don't feel that the £200 compensation that Barclays have paid to Mr A here is a fair compensation amount in consideration of what happened. And because of this, I'll be provisionally upholding this complaint in Mr A's favour and instructing Barclays to pay a further £200 compensation to Mr A, taking the total compensation amount to £400 (not including the £15 taxi fare reimbursement).

In arriving at this £400 compensation amount, I've considered the impact of what happened on Mr A, including the frustration and inconvenience he incurred. And I've also considered

the general framework that this service uses when assessing compensation amounts – details of which are on this services' website. And having done so, I feel the payment of a further £200 compensation, taking the total compensation amount to £400, is fair.

Barclays responded to my provisional decision and confirmed they were happy to accept it. Mr A also responded to my provisional decision and said that he felt a higher award of compensation was merited in this instance. And Mr A explained that he had to borrow money from a colleague to ensure that his mortgage and council tax payments were made and asked what would have happened if those payments hadn't been made.

But this service doesn't consider adverse consequences that may have happened – only those that did happen. And, as Mr A has explained, his mortgage and council tax payments were made, meaning that there were no adverse consequences for him in those instances.

As such, for the reasons explained in my provisional decision letter, I continue to feel that the payment of a further £200 compensation to Mr A, taking the total compensation amount payable to £400, does represent a fair outcome to this complaint. And so, I won't be instructing Barclays to pay anything in addition to this extra £200 as Mr A would like.

Putting things right

Barclays must pay a further £200 to Mr A

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 May 2024.

Paul Cooper
Ombudsman