

The complaint

Mr B complains Barclays Bank UK PLC caused him financial loss and distress and inconvenience by incorrectly closing his business account.

What happened

The facts that led to Mr B's complaint are well known to both parties, so I am not going to detail everything which happened here, except in summary.

I'm aware Mr B's joint accounts were also closed, but I must address the closure of his business current account separately, given only he is the account holder for this account, and only he can accept or reject the decision I have reached.

Barclays were prompted to review Mr B's accounts due to a scam report emanating from one of Mr B's customers. Barclays acknowledge they failed to ask Mr B for his side of the story, and if they had, they wouldn't have closed the accounts. They agreed to reopen them and paid £200 into his joint current account to make up for their error.

Barclays went on to compound their error by reopening Mr B's account for a day, only to close it again due to an administrative mistake. They also loaded a fraud marker with CIFAs when they shouldn't have, which they went on to remove.

On reopening Mr B's accounts again, Barclays took several weeks to reissue the overdraft on the business account. Mr B says he had to put off work for 7 weeks, which caused him business losses as well as significant distress and inconvenience. He also says he missed one month's worth of payments on his business loans while his business account was closed. He proposed a way forward with Barclays to repay the arrears but doesn't think anything should be recorded with the credit reference agencies.

Barclays considered Mr B's complaint about what happened with his business account and joint account together, given the closure of both accounts stemmed from the same error.

They went on to offer:

- £1000 for inconvenience experienced across all Mr B's accounts
- £100 for recording a CIFAs marker against Mr B when they shouldn't have
- £144 to represent the difference in cost between what Mr B and his spouse would have paid for a year for travel insurance attached to the joint current account which couldn't be reinstated, and the additional cost of taking out the same insurance again.

Our investigator concluded Barclays' offer was fair. They said:

- When Barclays received the scam report, it was reasonable to block the account to carry out a review, but they shouldn't have then decided to close the account before asking Mr B for his entitlement to the funds in question.
- The evidence Mr B presented did not sufficiently demonstrate the loss of earnings he says he experienced. It also didn't appear reasonable for him not to have worked for seven weeks and not to have tried to mitigate against his business losses.

Mr B rejected the outcome and asked for a final decision from an ombudsman, so his complaint was given to me to decide.

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 decided to uphold Mr B's complaint in part, but I'm not awarding further redress than what has already been offered by Barclays. I'll explain why.

Barclays have important legal and regulatory obligations to account for when providing accounts. And where a concern arises, it's not uncommon for a bank to block accounts to carry out a review. Here, Barclays received a concerning report of a scam from a customer of Mr B's and it was understandable why they blocked his accounts to carry out a review. As a result, I'm not awarding losses for the period the business account was initially blocked at the end of June 2023.

Barclays acknowledge they should have contacted Mr B as part of their review before deciding what to do with his accounts. Had they done so, Mr B's accounts wouldn't have closed. So, in this decision my main concern is to decide what losses I should award which stem from their decision to close his business account.

Mr B says he wasn't able to work for seven weeks and wouldn't have been able to open another account during this time due to the CIFAs marker. I understand a CIFAs marker may have hindered his ability to open an account, although I haven't seen evidence to show he at least attempted to open another account to run his business.

Prior to the closure of his business account Mr B used his overdraft consistently, so I understand he may have required the use of the facility to carry out his business, presumably to purchase materials for work he had contracted to provide. His overdraft was reinstated at the end of July 2023, so he may not have been able to use the account in the way he wanted until this point, which wouldn't have transpired had Barclays not incorrectly closed the account in the first place. On balance it's likely his business activity was inconvenienced, and this would have understandably caused him considerable concern during the time he couldn't use the account and overdraft.

Mr B provided estimates with various dates in June 2023 for work he says he had to put off carrying out while he couldn't use his business account. He also provided invoices for work he went on to carry out, which in the main are dated sometime after his business overdraft was reinstated at the end of July 2023.

Looking at his business accounts transaction history, only one payment credited his account

in August 2023 and there were no credits for a large part of September 2023. I appreciate Mr B could have carried out some work during July 2023 had his business account been usable, so he might have received some payments earlier. But I'm not persuaded his later transactional history reliably demonstrates the actual business' financial losses he claims.

Excluding the £200 Barclays previously paid, they offered a further £1000 for further inconvenience experienced across his business and personal accounts. And, in the absence of persuasive evidence to demonstrate a greater loss, I find this more than adequately covers the business losses Mr B he may have experienced and the distress and inconvenience he experienced not being able to use the account as he wanted.

I'm not however requiring Barclays to pay him £1000 in this decision, as I will address this part of Barclays offer in my final decision that also considers the joint current and savings accounts account held by him and his spouse.

Mr B missed one month's worth of payments on his business loans while his accounts weren't operable, and Barclays refunded the interest accrued on his loans during this period. He says he has offered a way forward to repay his arrears but thinks Barclays shouldn't record any subsequent arrangement to credit reference agencies.

I understand the loan payments wouldn't have been cancelled but for Barclay's error, but I haven't seen persuasive evidence that Mr B's financial situation is such that he can't pay the capital arrears on his loans without an arrangement being put in place or that if he can't, this is because he couldn't use his business account when he should have been able to during July 2023. So, I don't find requiring Barclays to forgo their normal responsibility to accurately record payment arrangements is appropriate in these circumstances.

Barclays shouldn't have recorded a CIFAs marker against Mr B. They should have contacted Mr B and considered the evidence he went on to later provide before deciding on whether to record the marker. As Barclays found Mr B's evidence persuasive, it's evident the standard CIFAs requires of its members to record the marker wasn't met in the first instance.

Barclays have offered £100 to put this matter right and I find this fair. Mr B would no doubt have been frustrated to find out about the marker when his application to open a new credit card was declined, particularly given the difficulties he previously faced regarding his accounts. But I haven't seen the marker caused him other problems during the time it was in place which would warrant a greater sum in compensation.

Putting things right

Subject to Mr B accepting this decision within the deadline, I require Barclays to pay him £100 for unfairly recording a CIFAs marker against him.

My final decision

My decision is I uphold Mr B's complaint. Barclays Bank UK PLC should pay him compensation according to my instruction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 July 2024.

Liam King
Ombudsman