

The complaint

Mr H complains that Barclays Bank UK PLC blocked his account.

Mr H also complains that Barclays took too long to release his account balance back to him, gave him wrong information and sent money back to source. and gave him wrong information.

What happened

Mr H has a current account with Barclays.

Mr H used another account he held with a different financial business, which I will refer to as R, to receive payments from P2P purchases he made of USDT cryptocurrency. Mr H would then move the money from his account with R to his Barclays account.

Mr H used a cryptocurrency trading platform, which I will refer to as B to sell USDT. Mr H has explained that he relied on B to screen the individuals who he transacted with and that he didn't know any of the individuals.

On 15 June 2022, Mr H received two payments from an individual I will refer to as Mr K into his account with R for a total of £1,225.33. Mr H has explained that he received the payments from trading in USDT. In July 2022, Mr H then transferred £9,000, which included the funds from Mr K, to his account with Barclays.

In November 2022, Barclays decided to review how Mr H was operating his account and asked him to provide information about the £9,000 transfer he'd received into his account. Mr H sent Barclays paperwork including his payslips, overseas working visa, passport and driving licence. Whilst Barclays reviewed everything it blocked Mr H's account.

Following this Barclays received an indemnity from R, for the £9,000 Mr H had transferred to his Barclays account. In response, Barclays removed just under £8,980 from Mr H's account and placed it in a suspense account whilst it decided how to react to the indemnity.

Mr H contacted Barclays and asked them what was happening with his money. Barclays incorrectly told Mr H that it had sent the money back to R. Following this Barclays received more information from R which said that one of R's customers had fallen victim to an investment scam involving multiple accounts, including Mr K's. R told Barclays that Mr K had sent some of the proceeds of the scam (£1,225.33) onto Mr H, and asked them to recover the money so that it could be returned to the victim of the scam.

In response, on 2 December 2022, Barclays returned £1,225.33 to R. And on 5 December 2022, Barclays removed the block on Mr H's account.

Mr H contacted R to try and locate his funds. He also visited a Barclays branch on more than one occasion to try and gain access to the money Barclays had removed from his account. But Barclays wouldn't provide him with much information. R told Mr H that it hadn't received any money back from Barclays.

On 30 May 2024, Barclays returned the money it removed from Mr H's account. Mr H complained. He said Barclays hadn't given him all his money back and that the money he'd received in June 2022, from Mr K was missing. In response, Barclays accepted that it had withheld more than it should have from Mr H after it had received the indemnity from R. To put things right it offered to pay Mr H 8% simple interest on the balance of Mr H's account, which was £7,747.23 from 2 December 2022 until 30 May 2024. And £350 compensation for the trouble and upset caused by the length of time it had taken them to release the funds to Mr H.

Unhappy with this response, Mr H brought his complaint to our service. He said he is out of pocket and wants the rest of the money that was in his account- the money that Barclays returned to R. He said Barclays didn't ask him at the time about the money he'd transferred and that the transactions he made using B, were legitimate and done in good faith. He said he had no knowledge that there was anything untoward about the funds coming into his account with R. And that now because he had moved countries and the time that has gone by he can't provide any other paperwork to support his entitlement to the funds Barclays sent back. To support his explanation Mr H provided our service with screenshots of correspondence he had with B, which confirmed they were unable to provide him with any specific information.

One of our investigator's looked at the information Mr H had provided. He said Barclays hadn't done anything wrong by reviewing and blocking Mr H's account. However, he didn't think Barclays had treated Mr H fairly when it sent the money back to R. To put things right the investigator said Barclays should:

- Refund Mr H the £1,225.33 it sent back to R along with 8% interest for loss of use of these funds.
- Pay 8% simple interest on £7,747.23 (Mr H's balance) from 2 December 2022 until 30 May 2024
- Pay Mr H a total of £500 compensation for the trouble and upset the matter had caused him.

Mr H agreed. Barclays didn't. It said it hadn't done anything wrong when it sent some of the money paid into Mr H's account back to source. It said it had done so because it represented the proceeds of crime and was obliged to comply with the indemnity claim it had received from R.

As no agreement could be reached the matter has come 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.

Account block and review

I appreciate that Mr H is upset that Barclays blocked his account. I can also understand that this was no doubt stressful for him especially as the Barclays's actions made it difficult for him to pay for the cost of getting to work. But for me to uphold this complaint, I must be satisfied that Barclays has done something wrong. And in this case, I don't think it has. I'll explain why.

I want to make it clear that I understand why what happened concerned Mr H. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that

his account had been blocked. But as the investigator has already explained, Barclays has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I've considered the basis for Barclays's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Barclays acted fairly by blocking Mr H's account. I appreciate that Mr H wanted to know more at the time about why Barclays did what it did. But Barclays isn't obliged to tell Mr H why it blocked and reviewed his account, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

The terms and conditions of Mr H's account also make provision for Barclays to review and suspend an account. And having looked at all the evidence, I'm satisfied that Barclays have acted in line with these when it suspended Mr H's account. So, although I understand not having access to his account caused Mr H trouble and upset it wouldn't be appropriate for me to award Mr H compensation since I don't believe Barclays acted inappropriately in taking the actions that it did when it blocked Mr H's account.

Indemnified funds

The crux of Mr H's complaint is that he wants Barclays to refund him the money he says he lost as a result of the cryptocurrency sales he made with Mr K. Having looked at all the evidence and circumstances of this complaint, I'm minded to say that the fair and reasonable outcome is that Barclays refund the money to Mr H. I shall explain why.

First, I'd like to acknowledge the difficulties that this complaint presents. There was a particular tension for Barclays here because on the face of it, both Mr H and R's customer were victims. There is a natural impulse to restore positions as far as possible. It is well documented that banking fraud is very damaging not only to the financial sector itself, but more particularly to individuals.

Barclays decided to return the funds to the sending business, so that it's customer, could be refunded. Barclays said it did this on the basis that the sending business had provided Barclays with an indemnity. The effect of Barclays's actions meant that Mr H lost both his cryptocurrency which he'd sold legitimately to Mr K and the money he had expected in payment for it.

In this case Mr H had a credible complaint. There's no evidence to suggest Mr H dishonestly procured the funds from Mr K. Nor is there any evidence that he knew, believed, or suspected that the funds had been illegitimately procured by someone else in order to pay for the USDT.

Barclays have said they were obliged to return the funds after receiving an indemnity for the sending business. However, I disagree with this. An indemnity is simply an agreement between the two financial businesses that provides some protection to the receiving bank being asked to return the funds by the sending business. It doesn't compel the receiving bank to return the funds, if following its own investigation, it establishes that its customer has a legal right to the money and was not involved in any fraud or scam. So, I don't agree that the indemnity Barclays received from the sending business placed any legal obligations on them to return the money.

I've also looked at Barclays's terms and conditions and I can't see that there is a specific term that allows the bank to do what it did. However, even if there were I'd expect Barclays to carry out its own investigation to establish if Mr H had behaved fraudulently and to

investigate the sending businesses' claim. This is in line with the industry best practice standards when receiving a report that their consumer has been the recipient of fraudulent funds. With this in mind, I don't accept Barclays acted fairly when it returned the payments to source.

I say this because Mr H has provided this service with information about the transactions which led up to the payments he received from selling USDT. He's sent this service evidence that the payments were made by Mr K to his account with R. And explained that he no longer has anything else to provide about the transactions. But he has provided evidence of him contacting B, trying to get more information, which revealed that Mr H had one dispute made against him, although it's not clear if this had anything to do with the payments he received from Mr K. I note that B decided Mr H hadn't done anything wrong. So, I'm persuaded that Mr H has provided as much information as he is now able about the money and that his explanation is plausible.

I've not seen any evidence that Barclays asked Mr H about the payments he received from Mr K before it decided to return them to source. If Barclays had asked Mr H about his dealings with Mr K, I think it's likely he would've been able to provide the information that he has given to this service to the bank at the time. And possibly more. But I haven't seen anything to show that Barclays asked Mr H about the transactions or contacted the sending bank to investigate things further in light of what Mr H told the bank about selling cryptocurrency to different individuals. Based on what I've seen I think it's most likely Mr H was engaged in genuine cryptocurrency transactions. Therefore, I can't see any reason for Barclays to return the money to the sending bank. So, I find the fair resolution here, based on the information I've seen so far, would be for Barclays to return the funds it took from Mr H's account. Mr H has also been deprived of these funds so I think Barclays should also pay Mr H 8% simple interest for loss of use of these funds.

Funds withheld that weren't indemnified

Barclays has accepted that it made a mistake when withheld the whole balance of Mr H's account instead of the £1,225.33. I can see that R wrote to Barclays and clarified that the indemnified amount was much lower than the £9,000 it initially said it was. But Barclays didn't release the rest of Mr H's balance back to him until May 2024. It hasn't explained why it took so long or provided a reasonable explanation for this delay. So I'm satisfied that Mr H has been caused inconvenience and been without his funds for longer than necessary. I've also kept in mind that Barclays removed the block from Mr H's account on 2 December 2022, which suggests to me they didn't have any further concerns with how Mr H had been operating his account.

Barclays has offered to pay Mr H 8% simple interest per annum on the balance it incorrectly withheld from Mr H, at the time this was £7,747.23, and £350 compensation for the trouble and upset this caused Mr H. I'm satisfied that this is fair and reasonable to resolve this aspect of Mr H's complaint.

Impact

I can see from looking at Barclays contact notes that Mr H has visited a branch on more than one occasion to try and find out what was happening and locate his account balance, which would have been time consuming. I note too that Barclays told Mr H that it had sent all of his funds back to R, which wasn't correct. And it was only when Mr H contacted R and raised a complaint that he was told Barclays still had his money. So, I think the service Barclays provided here fell short of what Mr H could have expected. And I think Barclays should pay

Mr H an additional £150 compensation to reflect the trouble and upset providing misinformation caused Mr H.

In summary, Barclays's actions caused Mr H a great deal of worry and upset. Mr H had to spend time contacting Barclays trying to sort out what had happened to his funds. He was left out of pocket, and I don't think Barclays did enough to satisfy themselves that Mr H wasn't entitled to the money paid into his account. I also think Barclays should pay compensation for the trouble and upset this overall situation has caused Mr H and I consider the amount of £500 to be appropriate in the circumstances.

My final decision

For the reasons I've explained, my final decision is that I partly uphold Mr H's complaint. To put things right Barclays Bank UK PLC should do the following:

- Pay Mr H £1,225.33 that was returned to R.
- Pay 8% simple interest per annum on £1,225.33 from 2 December 2022 until the date the funds are returned to Mr H*.
- Pay 8% simple interest per annum on £7,747.23 from 2 December 2022 until 30 May 2024*.
- Pay Mr H a total of £500 compensation for the trouble and upset this matter has caused him.

*If Barclays Bank UK PLC considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 February 2025.

Sharon Kerrison
Ombudsman