

The complaint

X complains on behalf himself and T a limited company about the service received from Barclays Bank UK PLC ("Barclays") when it placed blocks on his and T's accounts following what it deemed to be suspicious activity. X is seeking £2,000 compensation to cover the inconvenience and distress suffered as a result of the blocks being applied.

What happened

X holds both personal and business accounts with Barclays including T's account. Barclays placed a block on T and X's accounts following a transaction of £49 on 11 April 2024. This was due to Barclays fraud prevention system picking up the payment in and requiring additional information about the payer before any blocks could be lifted.

Barclays provided X with the incorrect name of the sender – an older vulnerable lady - of the transaction in question. Following this and before X contacted this person he was told the payment came from another customer. This led to X having to conduct his own investigation into the matter and locate the sender of the funds. Following this the sender spoke with Barclays and the blocks were removed from X and T's accounts around four days later.

X complained to Barclays about this. X says he had to use funds and credit facilities from elsewhere to mitigate the impact on himself and his business T.

Barclays didn't agree it had done anything wrong in applying the blocks but agreed it had made an error in telling X the incorrect name of the person who the payment was received from which resulted in X having to conduct his own investigation to determine who sent the funds causing some inconvenience. Barclays paid X £100 for the distress and inconvenience this caused.

X was dissatisfied with this and so brought the complaint to this service.

One of our investigators looked into X's concerns but didn't think Barclays had made an error in applying the block as it was in line with its policies and procedures regarding payments. However, they agreed that X had been inconvenienced by Barclays mistake and thought Barclays should pay a further £100 compensation. Although they appreciated others had been impacted by the mistake they explained that in terms of compensation we can't consider the impact Barclays mistake had on third parties. Furthermore, as T is a business and can't feel distress we can't consider compensation for distress on T's part either – only inconvenience.

While Barclays agreed with our investigator's recommendations, X doesn't. He doesn't feel the level of compensation is fair and that this service is siding with Barclays. X has

asked for an ombudsman's 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.

My role is to look at problems that X has experienced and see if Barclays has made a mistake or done something wrong. If it has, we seek to put - if possible – X and T back in the position they would've been in if the mistakes hadn't happened. And we may award fair compensation.

It might be helpful for me to say here that, I don't have the power to tell Barclays how it needs to run its business and I can't make Barclays change its systems or processes – such as how or when payments are processed or blocks applied for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Barclays needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on incoming payments that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure X understands this is needed not only to protect businesses against criminal activity, but also their customers.

So I don't think Barclays acted unfairly by applying a block to X and T's accounts until it received additional information about the payment in question.

This is in-line with its regulatory obligations and its procedures and ultimately, it took this action to protect X and T's interests, so I don't think Barclays have acted unreasonably or treated them unfairly here.

But Barclays have agreed that although it was entitled to apply this block it didn't do everything right. Barclays have agreed that it provided an incorrect name to X regarding who sent the payment that triggered the security alert.

Barclays have already agreed it made a mistake here and compensated X £100 for the distress and inconvenience this caused. So I don't need to make a finding on this point. But rather what I have to decide is what Barclays needs to do to put things right. And as the blocks have been lifted from X and T's accounts all I need to decide is whether the £100 compensation already paid is fair for the distress and inconvenience caused to X and T as a result of this error.

And having considered everything carefully, I'm in agreement with our investigator that a further £100 compensation is warranted and would be a fair way to settle this complaint.

Things don't always go smoothly and mistakes happen and I think most would agree that sometimes one does have to spend some time on administrative tasks that may be inconvenient. But in this case due to Barclays error X had to spend unnecessary time tracking down the payer of the funds in order to have the blocks lifted from the accounts affected.

X had to make a number of calls and visit a Barclays branch where blocks were removed and then reapplied and spent time trying to track down who the real payer was and didn't have access to the funds held within the account for four days.

I understand X doesn't think that £200 compensation is enough as he says he felt he had to open another account and use credit facilities to make payments when he didn't have access to his funds due to the blocks. But as I've already explained, I don't think Barclays made a mistake applying the blocks, but rather, the mistake was the delay caused by

Barclays providing X with the wrong name. And I don't think it is unreasonable to expect one to try and mitigate any problems that come up where they can, and it is not our role to penalise businesses for mistakes made – that is the role of the regulator.

And as has already been explained although there might have been third parties that were distressed and inconvenienced by Barclays mistake here, I can't consider the impact Barclays actions had on them under this complaint as they are not the eligible complainant. They would have to raise a complaint with Barclays themselves.

Furthermore, as T - a business - can't feel distress I can't consider compensation for this and as I've not seen enough to persuade me there has been any direct financial loss to T as a result of Barclays mistake and so I think compensation of £200 for the distress and inconvenience X suffered is a fair way to settle this complaint.

My final decision

For the reasons I've explained, I uphold X's complaint brought on behalf of himself and T and direct Barclays Bank UK PLC pay X a further £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask T and X to accept or reject my decision before 13 November 2024.

Caroline Davies
Ombudsman