

The complaint

Mrs K complains about the service she received from Barclays Bank UK PLC (“Barclays”) when it applied a block to her account following an attempt by her to make a transfer of £1,700 from her account to an individual and the service she received in branch when addressing this. In particular, Mrs K is unhappy about the length of time her account was blocked and she was denied access to her funds which she says resulted in her missing out on a business opportunity.

What happened

Mrs K wished to submit a tender for a business and sought the services of a legal tender writer to do this. On 25 November 2023 - following a deposit of £970 into Mrs K’s account and bringing the account balance to -£388 in debit of her overdraft with an agreed limit of £2,200 - Mrs K attempted to make a payment of £1,700 to an individual for this purpose.

Barclays systems flagged the payment and put a stop on it. Barclays asked Mrs K to contact it to verify the payment was genuine. Mrs K did this over the phone, but Barclays still had concerns due to a marker on the account of the individual and Mrs K not being ready to answer questions about the payment. Mrs K called the individual and says she was assured there were no issues with the account. Mrs K called Barclays back but the call handler was concerned about hearing someone in the background feeding answers to questions and so banking protocol was invoked and Barclays blocked Mrs K’s account whereby she wasn’t able to access her account online, withdraw money or use her debit card and asked Mrs K to attend a branch.

Mrs K attended a branch of Barclays with her husband on 27 November where it was explained by two staff members that they had concerns about the transaction Mrs K was attempting as they thought Mrs K could be the victim of a scam. In line with banking protocol Mrs K was asked to provide two forms of ID and her and her husband weren’t allowed to sit together while they waited to speak to staff.

The police were called to branch arriving around an hour after Mrs K and her husband. The police received information that the transaction Mrs K wished to make and the scenario was a known scam. Mrs K and her husband were interviewed separately where they collected information about the intended payee and told Mrs K they would be investigating. They confirmed with Barclays staff that they weren’t happy for them to release the payment until their investigation was completed and advised that the blocks remained. Barclays staff informed Mrs K they had a duty to protect their customers and provided her with the police incident number. Mrs K was very distressed and confused during the whole visit.

The following day Mrs K once again attended branch to get her account unblocked. Staff at the branch tried to contact the police to get an update but as they weren’t able to do this Mrs K’s accounts remained blocked and she was only allowed to withdraw £100 of her funds. Barclays advised Mrs K to inform her employer to pay her wages into another account which she says she wasn’t able to do due to the account block. Mrs K says Barclays informed her that it was going to cancel her direct debits at which point she became very distressed and so Barclays agreed to let them continue so she could ensure her bills were

paid. It was left up to Mrs K to get in contact with the police regarding the investigation and until the outcome of which, her accounts would remain blocked.

Mrs K complained to Barclays about all of this and asked for it to remove the block or allow her use of an alternative current account. Barclays says its terms and conditions allow it to stop or suspend payment tools if it reasonably thinks it necessary to protect the security of the payment tool or account or it suspects there may be unauthorised or fraudulent use of the tool and that the blocks couldn't be lifted until the police had investigated and said it was ok.

So having her account and cards still being blocked, Mrs K brought her complaint to this service.

Following this Barclays identified that the Mrs K's cards should not have been blocked and lifted the block on 14 March 2024. It agreed that it made an error in applying the blocks to Mrs K's cards and leaving her with no access to the funds in her account. Furthermore, it acknowledged Mrs K received a poor experience with the handling of the blocks and the time it has taken for them to be removed and offered her £400 compensation for the distress and inconvenience this caused which Mrs K declined.

Our investigator considered all this but didn't think Barclays had treated Mrs K unfairly or had made an error in stopping the payment or requesting Mrs K to visit a branch regarding this. They didn't think Barclays did anything wrong during that visit including calling the police and so didn't think any compensation was due here. But they thought Barclays offer of £400 was fair compensation for the customer service Mrs K experienced after this and for the length of time Barclays had blocked her account.

Mrs K strongly disagreed that this amount of compensation was fair. She says Barclays have accepted it made an error in applying the block to her card and that she received poor customer service. By denying her access to her funds she wasn't able to open a new account with another provider. Furthermore, Barclays informed her during a visit it was going to stop all her direct debits on her account which she had to vehemently object to in order to stop this happening.

As a result of Barclays's actions Mrs K says she:

1. Had to beg to have direct debits not stopped and couldn't pay bills not paid by direct debit such as her mobile phone bill which has been sent to debt collectors;
2. Had to increase the limit on her credit card to pay for necessities such as buying food and travel and borrow money from family running into the thousands;
3. Couldn't access her income;
4. Lost out on a business opportunity;
5. The inability to access her funds affected the arrangements she could make over Christmas and buying presents; and
6. Felt humiliated in branch and treated like a criminal and has been left traumatised by the experience.

Mrs K wants to be compensated £10,000 says and has asked for an ombudsman's decision.

I issued my provisional decision on 16 August 2024. In my provisional decision, I explained why I was proposing to uphold Mrs K's complaint. I invited both parties to let me have any further submissions before I reached a final decision. Barclays have accepted my provisional

decision and recommended my compensation and Mrs K hasn't. Mrs K has provided further comments which I have considered but overall, it doesn't change my initial findings.

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.

In my provisional decision I said that:

"I've provided a detailed background of Mrs K's complaint above which I think is an accurate reflection of what happened and led to Mrs K bringing her complaint to this service. And I've no doubt from the submissions Mrs K has made to this service, how strongly she feels about what happened and how invested she is in her complaint - the crux of which is that the actions Barclays took when applying blocks to her account were excessive and unnecessary and its actions resulted in her suffering significant inconvenience and distress for which she wants to be compensated.

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 held for fraud prevention or restrictions are applied to a customer's account. 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 and procedures in place – in this case carrying out checks on outgoing payments that meet certain criteria for fraud/scam prevention - to ensure the transactions are legitimate and it meets its regulatory requirements providing they are proportionate and applied fairly. This is needed not only to protect businesses against criminal activity, but also its customers.

As stated above it is very clear to me how distressing this matter has been for Mrs K – and I sympathise. And having considered everything carefully I'm currently intending to uphold Mrs K's complaint. I say this because although I don't think Barclays did anything wrong or treated Mrs K unfairly by blocking the payment she wished to make until it could satisfy itself of its legitimacy as the payment was:

- 1. to a new recipient;*
- 2. for a large amount and would've taken Mrs K to the top of her overdraft limit – borrowed money;*
- 3. there was a marker on the recipient's account; and*
- 4. Mrs K wasn't able to sufficiently answer questions about the payment without prompting in the background from another person if made.*

So I don't think it was unreasonable of Barclays to invoke banking protocol and ask Mrs K to attend branch. Furthermore, given the circumstances I also don't think it was unreasonable for Barclays to call the police – it had reason to believe that Mrs K could be the victim of a scam and that is a crime which would need to be investigated. I appreciate that this was very distressing for Mrs K and her husband – especially being separated and interviewed - but I can't say Barclays did anything wrong here as it needed to ensure that it was protecting both its and Mrs K's interests and to do that Mrs K needed to be interviewed alone and without influence.

But I don't agree the service Mrs K received after this and the continued application of restrictions to Mrs K's account – outside of this payment – for around 14 weeks was a proportionate or reasonable response when Barclays could have just blocked the one payment.

Barclays have already agreed it made a mistake in applying the restrictions to her account for too long and that the service she received regarding this was poor and offered to compensate Mrs K £400 for the distress and inconvenience caused. So I don't need to make a finding here. All I have to decide is whether the compensation offered is a fair way to settle Mrs K's complaint. And I currently don't think it is.

I accept that Barclays was reluctant to lift restrictions before the relevant authorities had finished their investigations. But Barclays did nothing to follow up the matter until Mrs K brought her complaint to this service - despite her continued and very real distress. Instead, it shifted the responsibility onto Mrs K which I don't think was fair or reasonable given it was Barclays who were restricting access to her account because of its own fraud/scam prevention processes and not because Mrs K had asked for it.

As a result of the continued blocks to Mrs K's account and debit card – besides the £100 she was allowed to withdraw in branch - Mrs K had no access to her income or funds for 14 weeks. Although I note that Barclays didn't cancel Mrs K's direct debits – albeit she says at her insistence – and her main bills continued to be paid, Mrs K still had no access to her funds to pay for day to day living such as food and travel costs and necessities for her children and had to increase her credit card limit and borrow from family to meet these costs.

Mrs K also says she couldn't buy Christmas presents or make arrangements or pay her mobile phone bill which is now with debt collectors.

I've looked at Mrs K's statements for the period leading up to Mrs K bringing her complaint to this service and have seen a copy of her credit card statement for February/March 2024 just before the blocks were lifted. And it looks to me like Mrs K was spending more than she had coming in. I accept she did have her overdraft she could've utilised, but overdrafts by their nature are for short term emergency lending and are payable on demand.

So I've taken all of this into consideration when I've thought about what her circumstances would've likely been had the blocks not been in place and the impact the continued blocks have had on her. And overall, I'm not persuaded that her financial circumstances would've been much different if the blocks hadn't been applied.

Mrs K says she lost out on a business opportunity because Barclays blocked her account and stopped the payment to the individual who was to write a tender for her. But there was no guarantee that if this had happened as planned, that a tender would've been submitted or successful. So again, I can't say Barclays actions have led to any consequential financial loss.

Nevertheless, being limited in your spending and not being able to access your salary or even open another account would've been highly inconvenient and undoubtedly very distressing. And this was compounded further by Barclay's doing nothing to proactively assist Mrs K and resolve the matter leaving it to drag on for an unacceptable amount of time.

So on this basis I currently think that Barclays should compensate Mrs K £800 for the distress and inconvenience caused by not lifting the blocks on her account sooner than it did and providing poor service during this process.”

As neither party has provided any new further evidence or arguments for consideration that I consider would change the outcome, I see no reason to depart from the conclusions set out in my provisional decision. It follows that I uphold this complaint.

My final decision

For the reasons I've explained I uphold Mrs K's complaint against Barclays Bank UK PLC and direct it pay Mrs K £800 compensation if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 16 October 2024.

Caroline Davies
Ombudsman