

The complaint

Mr E complains that Barclays Bank UK Plc unreasonably closed his accounts and withheld his funds from him. He'd like to be adequately compensated for this.

What happened

The background to this complaint is well known to both parties and largely not in dispute, so I will cover them only briefly here.

Mr E held accounts with Barclays, which he used to deposit funds from other accounts he held with other providers. But in June 2022 he found he couldn't access his account, and the bank would not explain why, although they asked for further information on a payment he'd made into his account.

In July 2022 Barclays closed his account with immediate effect, with no further reason given. They withheld the funds in his accounts, except for £559.67 which they returned to source. Unhappy with this Mr E complained, but the bank didn't think they'd done anything wrong by closing his account. But they offered £50 for delays.

Dissatisfied with this Mr E then referred his complaint to our service. It has had several opinions issued with ways to resolve the complaint. In summary our investigator said the following:

- Barclays had a right to review and close accounts in line with the terms of the account, and their legal and regulatory obligations. So, they hadn't been unreasonable in doing so. But they felt the review had taken longer than necessary and could have been closed by 20 June 2022.
- They couldn't see a reason that Barclays had continued to hold on to Mr E's funds once the account was closed. They said these funds should be returned to him, along with 8% simple interest per annum from 20 June 2022 to the date the funds were returned.
- They didn't see that it was reasonable for Barclays to have returned the £559.67 to source – they asked Barclays return this to Mr E, along with 8% simple interest per annum for the period he was without the funds.
- Because of the substantial amount of time Mr E had been without his funds, and the time spent having to chase this up, they suggested Barclays pay him an additional £450 compensation.

This was accepted by the bank, although Mr E thought the compensation should be considerably higher. There were subsequently significant delays from Barclays in paying the settlement, and miscalculations in the figures. For this the investigator subsequently suggested an additional £300 compensation. The bank accepted this, but Mr E still disagreed with the calculations and the total compensation. He felt the impact on him had been considerably higher and said the compensation should be as high as £10,000.

But the investigator was satisfied with the redress awarded and felt that Barclays had now paid what was reasonable. As no agreement could be reached the complaint was passed to me to decide. Upon review I used my provisional decision which said:

I'm conscious that most of the issues Mr E has complained about are not in dispute, and that largely the suggested redress has already been accepted and paid by Barclays. But for the sake of clarity, I will outline how I see this complaint should be resolved in full.

Account block and closure

Barclays, like all regulated financial businesses Barclays have strict legal and regulatory requirements to meet when providing accounts to their customers. These requirements can broadly be described as a duty to monitor account activity for signs of financial distress or financial crime – and act appropriately when they may have reasonable concerns. This means that on occasion they may need to review an account while a review is carried out. There is provision for this in the terms of Mr E's accounts.

There's no requirement on Barclays to provide Mr E with details on why the review is being conducted – and they have declined to do so. They did ask him some further information about payments into his account, although it's also clear these funds came from another of his accounts with a different provider. He'd explained he was moving money obtained from buying and selling cryptocurrency.

Barclays have provided their full reasoning to our service. The rules of our service allow us to treat certain evidence in confidence, such as if it's commercially sensitive or contains information about security procedures. In this case I'm satisfied that it's appropriate to treat this evidence as confidential – so I'm sorry to Mr E that I won't be detailing it in full here. But I'm satisfied that the decision to block the account while a review took place was a reasonable one.

However, any review should be conducted in a reasonable timeframe, to limit any potential disruption. From the information available to me, I'm persuaded that Barclays could have completed the review faster, as they had the relevant information available to them by 20 June 2022, and any decision could have been made then.

Barclays subsequently took the decision to close Mr E's account without providing any further notice. The terms of the account outline that this can only happen under limited circumstances – but I'm persuaded here that this was appropriate and reasonable.

Retaining of Mr E's funds

Barclays initially said that Mr E could collect his funds in branch. However, the bulk of them – approximately £7,000 – continued to be held by Barclays. The bank have now accepted this wasn't justified, so I do not need to make a finding on this. Instead, what I've considered is the reasonable way to redress this.

Mr E hasn't demonstrated any specific losses from not having these funds. He has provided an estimate of what he believes he could have made through cryptocurrency trading, based on previous years' capital gains tax. I'm not persuaded that I can rely on this though, as there is an inherent risk with all forms of trading and gains can't be guaranteed.

But, he was deprived of these funds for a considerable amount of time – money that should have been available to him to use as he wanted. Because of the length of time, it's not possible for me to say with any degree of certainty what he would have done with these funds for the full period. It will have influenced a whole host of financial decisions – such as

spending and borrowing – in that time. To attempt to rework Mr E's entire financial decisions in that time would be incredibly arduous, and beyond the remit of our service to resolve complaints quickly and with the minimum of formality.

I see that awarding 8% simple interest per annum on this amount for the period Mr E didn't have access to these funds is appropriate. To be clear this would be from 20 June 2022 to the dates Barclays paid the funds to him. I'm glad that Barclays have agreed to this. It's a reflection on the cost to him of being deprived of these funds. This is also in line with statutory interest rate on judgement debts.

In terms of the non-financial impact, I've no doubt it has been incredibly frustrating for Mr E to be without his funds; and having to spend time to chase these up. So, I've taken this into account when considering the overall distress and inconvenience of the complaint.

The funds returned to source

Barclays have accepted that they should not have returned the £559.67 to source and have agreed to refund this back to Mr E, along with an additional 8% simple interest per annum. I consider this be a fair way to resolve this aspect of the complaint.

Fraud prevention markers

At the time of the closure Barclays recorded a marker against Mr E with a fraud prevention agency. The bank have subsequently removed this marker. I've not seen any evidence that this marker caused Mr E any specific losses or problems – although it would be difficult for Mr E to demonstrate this. But I accept it would have been distressing for him to find this out and would have caused worry about any potential impact. So, I've taken this into account when considering appropriate compensation.

Overall customer service from Barclays

While I'm satisfied that the original block and closure of Mr E's account was reasonable, it's clear that Barclays service to him afterwards has fallen considerably short of what he could reasonably expect. It's appropriate therefore that Barclays pay him a degree of compensation for their failings.

In addition to the issues highlighted above around delays, I see that Barclay's poor communication as to what was happening to his funds, and when he could expect them, will have added to the distress caused. And what should have been a relatively simple process of returning his funds to him took over a year to resolve. I can see why he'd feel particularly upset by what's happened.

I've considered carefully what Mr E has said about the impact on him – but while I can see that he has been considerably inconvenienced and distressed by the delays and errors made by Barclays in returning his funds, I'm not persuaded that the compensation he's suggested is justified.

The funds held were part of his trading strategy, but he still was receiving wages from employment. We know he had accounts elsewhere, which could receive his wages to mitigate financial strain.

In addition to the £50 Barclays have already offered, the investigator suggested a total of £750 be paid. Barclays have agreed to this and paid it. I'm minded that this is a reasonable level of compensation, based on the circumstances of the complaint. Had there been no award this is in the region of what I would have suggested.

I suggested that to resolve the complaint Barclays should:

1. Refund Mr E the funds held when the account closed.
2. Refund the £559.67 that was returned to source.
3. Pay Mr E in total £800 compensation for the distress and inconvenience caused

Points 1 and 2 should have an additional 8% simple interest per annum added to that amount, from 20 June 2022 to the date the funds were returned to Mr E.

I also said Barclays should provide Mr E with a letter showing the dates of payment, and any calculations made for the interest award.

This was accepted by Barclays. Mr E said that it only repeated what had already been discussed and didn't address that he was told he would receive a higher amount, but received less than expected. He said he would settle for £427.02 to resolve the complaint.

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.

There doesn't appear to be any further arguments as to the merits of the case, so I remain satisfied with the conclusions drawn in the provisional decision. I consider the review and closure to have been reasonable, and in line with Barclay's legal and regulatory obligations.

However I've seen nothing that justifies the length of time Barclays held on to Mr E's funds, or for the returning on the £559.67 to source. On that basis, I'm satisfied the bank has treated him unfairly, and should redress him appropriately.

I've considered what Mr E has said about expecting further amounts. I'm minded though that the redress I'm awarding is for all the issues in the original complaint, and with the delays Barclays caused in paying the redress. My role is to decide what is fair compensation for the totality of these events.

I see that providing 8% interest on the funds withheld or returned in error as fair, as it reflects the loss of use of these funds. The £800 compensation awarded in total is intended to also reflect the delays and issues caused by Barclays across the entire journey of this complaint. And with no further information to demonstrate any specific losses to Mr E, I'm satisfied that this is fair redress.

Therefore, I believe it's reasonable for Barclays to provide him with a breakdown in what has been paid, and the interest calculations. This breakdown in figures will allow Mr E to demonstrate if there is anything further to be paid to action this decision, should he need to. If Mr E chooses to accept this decision, then it is legally binding on both parties, and Barclays must ensure the agreed redress is paid in full.

Putting things right

To resolve this complaint Barclays should ensure the following actions are carried out:

1. Refund Mr E the funds held when the account closed.
2. Refund the £559.67 that was returned to source.
3. Pay Mr E in total £800 compensation for the distress and inconvenience caused

Points 1 and 2 should have an additional 8% simple interest per annum added to that amount, from 20 June 2022 to the date the funds were returned to Mr E.

Barclays should provide Mr E with a letter showing the dates of payment, and any calculations made for the interest award. Barclays should also provide Mr E with a certificate showing any deductions they've made to the interest awards for tax, so that he can reclaim this from HMRC if he is eligible

My final decision

My final decision is that I uphold this complaint, and direct Barclays Bank UK Plc to settle it as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 15 October 2024.

Thom Bennett
Ombudsman