

The complaint

Mr D complains that Barclays Bank UK PLC blocked his account without good reason or justification and that it then sought detailed and extensive information from him about the operation of the account.

What happened

On 6 April 2024 Mr D found out that he was unable to operate his Barclays account. He contacted the bank to try to find out what had happened and was told that his account had been blocked as a result of the bank's legal and regulatory obligations. The bank was however unable to share much more information than that.

Mr D contacted the bank again over the following few days, but was unable to find out the reasons for the block. He raised a complaint with the bank.

Barclays lifted the account block on 10 April 2024. It replied to his complaint the following day. It acknowledged that some of its customer service had not been of the standard it should have been and offered Mr D £200 in recognition of that. But the bank did not think it had acted incorrectly in blocking the account for the time it did. It later increased its offer of compensation to £225.

On 26 April 2024 Barclays contacted Mr D again, this time seeking a wide range of information about the operation of the account from around May 2023 – that is, nearly a year earlier. The information it sought included information about the source of funds and source of wealth, and identified several hundred transactions about which it wanted to know more. They included transactions which, on the face of it, involved gambling firms, mortgage payments, loan payments, and crypto-currency.

Mr D thought that the information which Barclays sought was unnecessary, not least because it was apparent what the transactions were for. There was no reason to think they were in any way suspicious.

Again, Barclays said that it was simply following its legal and regulatory duties. It did not offer Mr D anything more in respect of the inconvenience to which he had been put.

Mr D referred the matter to this service. One of our investigators considered what had happened but did not recommend that the complaint be upheld. Mr D did not accept the investigator's assessment and asked that an ombudsman review 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.

Having done so, however, I have reached the same overall conclusion as the investigator did, and for broadly the same reasons.

Mr D has a joint as well as a sole account with Barclays. He initially made a complaint with the joint account holder, but his main complaint appears to be about the impact the bank's actions have had on him as a sole account holder. This decision deals therefore only with Mr D's sole account.

It is important as well to note that this service was set up to resolve certain disputes informally. That means that I may not go into as much detail as Mr D might wish, but that does not mean that I haven't carefully considered all the evidence he has provided. It is also the case that our rules allow us to accept evidence in confidence, where we consider it appropriate to do so. And for that reason, some of the bank's evidence has not been shared with Mr D.

I'll deal then with the bank's decision to restrict Mr D's accounts from 6 April 2024. Banks have certain legal and regulatory obligations when dealing with customers' accounts. They should for example take steps to ensure that accounts are not being used for fraudulent or illegal purposes and to protect both themselves and their customers. That might in some cases mean carrying out reviews, either of the account operation generally or of certain transactions. I stress that there is no suggestion in this case that Mr D was operating his account in an inappropriate way.

In some cases banks may be entitled to restrict the operation of an account while a review is carried out; in others they may be obliged to do so. Those restrictions may include suspending certain features, but can also include a complete block.

In this case, Barclays blocked Mr D's account between 6 and 10 April 2024 and subsequently sought further information from him about the account operation. It was within its rights to do both.

I accept that both actions of the bank will have put Mr D to not insignificant inconvenience and caused him some distress, and possibly actual financial loss. That is of course unfortunate, but I can only compensate him for those matters if I think that Barclays has acted unfairly. And, whilst I accept that the bank could have made assumptions about the nature of transactions on Mr D's account, it was not unreasonable to seek confirmation and evidence from him.

Finally, I have considered how Barclays carried out its enquiries. It has accepted that it did not communicate with Mr D as well as it should have done, but in my view the offer of £225 was reasonable in respect of that. Beyond that, however, I think that the review was completed promptly, and I do not believe that Mr D's account was blocked for any longer than was necessary in the circumstances. It follows that I cannot fairly make a further award.

My final decision

For these reasons, my final decision is that I do not uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 8 April 2025.

Mike Ingram
Ombudsman