

The complaint

Mr N complains that Barclays Bank UK PLC blocked his account, with the result that he could not afford to pay for necessities, had to cancel a holiday and lost out on a house purchase.

What happened

On 5 March 2024 Mr N received a payment of £9,800 into his account. On 13 March Barclays wrote to Mr N to say that it had frozen his account while it investigated some recent activity on it. In the same letter, it asked Mr N about the £9,800 payment. On 15 March the bank wrote to Mr N again, this time seeking more information about five payments into the account and three payments from it. The payments in included the payment of £9,800, which was removed from the account on the same day.

Mr N explained almost immediately that the payment was from B, a crypto-currency exchange, and was payment for a transaction he had conducted through the exchange.

Mr N's account remained blocked until 17 May, when the £9,800 was returned to it and account restrictions lifted.

Barclays said that it had acted within the account terms in restricting Mr N's access to it. It nevertheless acknowledged that it had not communicated as well as it could have done and says it paid him £100 in recognition of that.

Mr N said that the bank's actions had caused him significant distress and inconvenience, for which he should be properly compensated, and referred the matter to this service.

Our investigator said that it was reasonable in the circumstances for Barclays to restrict the account, but that, since Mr N had provided the information it had requested on 15 March, any restrictions should have been lifted at that point. He recommended therefore that Barclays pay interest on the £9,800 at 8% a year from that date until 17 May.

Barclays accepted the investigator's recommendation, but Mr N asked that an ombudsman review the case. He said too that he had not received the £100 which the bank said it had paid him.

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.

The bank has asked that much of the evidence and arguments which it has submitted to this service be kept confidential and not be disclosed to Mr N. This service can accept evidence in confidence where it considers it appropriate to do so (DISP3.5.9(2)R of the Financial Conduct Authority's Handbook). Having considered carefully the nature of the evidence which Barclays has provided in this case, I am satisfied that it is appropriate to accept some of it in confidence.

In my view, it was reasonable of Barclays to review the activity on Mr N's account and to restrict his access to it while it did that.

Mr N has not been able to provide evidence supporting what he has said about the impact of the account restrictions on him. The house purchase he says he missed out on, for example, was an auction sale, so there is no documentation in the way there would be if he had been negotiating directly with a seller or through an agent. I do not say this as a criticism of Mr N, but it does mean in my view that, even if I thought the bank had acted unfairly, it would not be reasonable to require it to meet losses which are not evidenced.

I note that Mr N says he has not received any payment of £100 from Barclays. It says payment was made on or about 3 May to an external account (which I take to mean an account with a bank other than Barclays), so I would encourage both parties to take the necessary steps to locate it and, if necessary, make a replacement payment.

Putting things right

Barclays accepted the investigator's recommendation, but I will make a formal award, so that Mr N can enforce it, should that be necessary.

My final decision

For these reasons, my final decision is that, to resolve Mr N's complaint in full, Barclays Bank UK PLC should pay him interest on £9,800 at 8% a year simple from 15 March until 17 May 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 28 January 2025.

Mike Ingram
Ombudsman