

The complaint

Mr A complains that Barclays Bank UK PLC ('Barclays') blocked his accounts without an explanation. He wants his accounts unblocked as well as an explanation why they were blocked and also compensation for the distress and inconvenience he was caused.

What happened

I issued a provisional decision regarding this complaint last month where I said that I was considering asking Barclays to return the funds it returned to source back to Mr A, plus interest. An extract from that decision follows:

"Mr A had a current as well as savings accounts with Barclays. In September 2023 Barclays blocked Mr A's accounts and wrote to him to ask for further information in relation to certain transactions.

Barclays told Mr A his accounts were under review and would remain blocked. Mr A said that he was about to travel abroad and that he needed to use his accounts. He was informed he could only withdraw wages and benefits and only if he went into a branch.

In relation to the transactions, Mr A said that he sold some cryptocurrency online and received money for it. He said he didn't know the person who sent him the funds but would be able to provide proof that he had sold the cryptocurrency.

Mr A complained about the account blocks but Barclays didn't uphold the complaint. It said it was acting in line with its processes and that there were no time scales as to when the accounts would be unblocked.

Mr A carried on chasing Barclays for updates. He mentioned that he was abroad and also that he had been in hospital.

Mr A brought his complaint to us in October 2023 while his accounts were still blocked. In November 2023 Barclays decided to close Mr A's accounts with immediate effect. It said that it was concerned that by completing certain transactions it would be putting itself at risk of claims or legal action. It also said it would be returning £943.10 back to source.

One of our investigators reviewed the complaint and thought it should be upheld. Though she thought that Barclays was acting in line with legal and regulatory obligations when it blocked and reviewed the accounts, she thought the review should have been completed more quickly. She thought Barclays could have completed its review by 6 October 2023. She thought Barclays should pay Mr A £100 compensation and interest on the account balance from 7 October 2023 to the date his funds were returned to him. But she thought the immediate closure was fair and reasonable.

Barclays accepted our investigator's view but Mr A didn't. He said Barclays had stolen money from his account. He added that he is unable to open another account. He said this impacted his health and didn't think the compensation awarded was sufficient.

Mr A then provided further evidence in relation to the transactions. He said that the buyer was meant to send him £1,062 but instead sent £1,389 so he had to return the excess. He said he agreed with the buyer to send £315 which was slightly less than the overpayment. Mr A provided a screenshot of the transaction from a cryptocurrency exchange. He also provided a video of his conversations with the person he transferred the cryptocurrency to. The person seemed to wish to buy cryptocurrency. After the transaction was completed, Mr A got in touch with the same person and informed them that his account had been blocked due to this transaction and asked them if they had made a claim with their bank. The other person said that the sender's account had also been blocked by their bank. They said they were prepared to send any evidence Mr A required so he could show Barclays that he sold cryptocurrency.

There was also a video of a separate conversation where the buyer said to Mr A that they had mistakenly sent him £319 more than what had been agreed. They asked Mr A to transfer the money to an account. The name on that account was different to the account which transferred the £1,389 to Mr A.

Mr A also provided videos of conversations he had with the cryptocurrency exchange customer help where he tried to appeal the transaction. He was told that the buyer never confirmed that they debited funds into Mr A's account and was advised to report the matter to the authorities.

Our investigator then issued a further view where she said she thought Barclays should reimburse the funds that were returned to source with 8% interest and pay Mr A £250 compensation.

Mr A initially accepted our investigator's view but later changed his mind. He thought £500 would be more appropriate plus 10% interest. Barclays said it didn't receive the evidence our investigator relied on in support of her view. Our investigator resent this information to Barclays who said the evidence still doesn't show that the funds should be returned to Mr A. The matter was then passed to me to decide. Before I issued my decision, I asked our investigator to ask Mr A whether he had noticed that the name of the person he had been conversing with and the person who transferred the funds were different. And whether he queried this.

Mr A responded to say that the purported buyer used a third party to transfer the funds. He said he got suspicious which is why he transferred the £315 from another account of his. He also provided a screenshot of a conversation where the other person said that the sender said she had been scammed and that her bank had also suspended her account which is why they weren't able to provide a bank statement for Mr A to pass on to Barclays so it would unblock his accounts.

I went back to Mr A again with some further questions including why he had chosen the particular cryptocurrency he was trading, when he bought it originally and why, the source of the funds he uses to buy it etc. I also asked about how he manages his account and the fact that he seems to receive a number of credits which he disperses quickly. And I asked him for details in relation to the payments Barclays had asked him about in one of its letters.

Mr A responded to say that he and one of his siblings support their mother financially. He said his sibling sends him money from abroad in cryptocurrency every month which he trades on an exchange and sends to his mother. He said this was preferable to foreign exchange transactions as there is no exchange rate. He said when his account was blocked, he was due to travel abroad and that his sibling had sent him money to assist him. He said he has only ever used the cryptocurrency to receive money from family.

In relation to Barclays' letter about the specific transactions, he said some were in relation to contracting work he had done, others were to and from family and also for rent. He provided screenshots of messages from a group chat in relation to the contracting work.

Mr A said he wanted his complaint to be re-evaluated and that the compensation our investigator had awarded was not enough bearing in mind the amount of time it was taking for the complaint to be resolved.

What I've provisionally 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.

It might be helpful if I start by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. As our investigator said, Barclays has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Barclays will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result. Barclays's terms and conditions also enable it to block accounts in certain circumstances.

I've also considered the basis for Barclays's review, which I find was legitimate and in line with its legal and regulatory obligations. Having reviewed all the evidence, I'm satisfied that it was acting in line with its legal and regulatory obligations when it blocked Mr A's accounts on this occasion in order to conduct a review. I also thought that asking Mr A to provide information about how he was using his account was in line with these obligations. So I don't think it treated Mr A unfairly or unreasonably in this regard.

Barclays's terms and conditions say it can close an account by giving two months' notice or with immediate effect in certain circumstances.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

In this case Barclays decided to close the account with immediate effect. For Barclays to act fairly here it needs to meet the criteria to apply its terms for immediate closure. Having looked at those terms and all the evidence I'm satisfied that Barclays did. So, it was entitled to close the accounts in the way it did. It follows that I've decided not to ask it to reopen the accounts.

Barclays returned one payment back to source. Mr A said the payment was in relation to the sale of cryptocurrency. He has provided screenshots of transactions, invoices, and videos of conversations with the purported buyer. These have been forwarded to Barclays.

The evidence Mr A provided shows that he had sold cryptocurrency which he transferred to a person, presumably the person he was conversing with on the exchange. But the payment into Mr A's account came from another person. Mr A said he did notice this at the time and thought it was suspicious which is why he transferred the excess amount from another one of his accounts. The person who sent the money to Mr A said they had been the victim of a scam. Mr A's conversations with the purported buyer seem to indicate that they both accept that this was the case, or at least this is what the buyer told Mr A but they didn't seem to suggest they were the ones who perpetrated the scam or that they were aware of who did. They said the person who sent the money got in touch with them because they wanted to buy that particular cryptocurrency. The purported buyer also said they wanted to assist Mr A in getting his accounts unblocked and would provide all the information necessary for him to do so. They later said they weren't able to provide bank statements from the sender's account as their account had also been blocked.

On balance, it seems the sender of the money was the victim of a scam but on the evidence I've seen I don't think Mr A was part of that scam. I say this based on his conversations with the purported buyer and later on with the exchange's customer service team. Mr A transferred his cryptocurrency to the purported buyer which means Mr A has lost out. For these reasons I think it's fair and reasonable that, in these specific circumstances, Barclays returns the funds that it sent to source back to Mr A.

I appreciate Barclays may say that it relied on a term in its terms and conditions which says it can return funds to source in certain circumstances. I think this term seems to create an imbalance between the rights of the parties as it seems the customer has no say on whether funds are returned or not. And though businesses may sometimes legitimately return funds to source, we must ensure that this is done fairly and reasonably. For the reasons I gave above, namely that I don't think Mr A was part of a scam on this occasion, I don't think Barclays has.

Our investigator felt that Barclays could have completed its review more quickly. While Barclays is entitled to carry out its review, we'd expect it to do so in a timely manner without undue delay. It is entitled to take the necessary time in order to carry out its review and I don't think it would be right for me to say it should have worked to a specific timescale. I think this would depend on each case, depending on its individual circumstances. Barclays took two months to review and release Mr A's funds. Our investigator felt that Barclays could have completed its review and released the funds sooner based on the fact that Mr A had provided the information Barclays had requested from him in October 2023.

Mr A provided some information in October 2023 but most of the information was provided to us, after he brought his complaint to our service. Though I think Barclays could have done more to explain to Mr A what information it required, I think Mr A could have been more forthcoming with the information he had at his disposal such as the screenshots and the videos. I appreciate Barclays proceeded to close the account in November 2023 based on the information it had but I think overall, bearing in mind the complexity of the complaint, the time it took to make its decision was reasonable. In the specific circumstances I am not considering awarding compensation for the delay.

I appreciate Mr A says he suffered a lot of distress and inconvenience especially as he was abroad at the time and said he could have been left stranded. He also says that this has taken its toll on him psychologically and caused him a lot of stress. I appreciate how distressing all this would have been for Mr A but as I don't think Barclays has done anything wrong in reviewing and closing his accounts I am not considering awarding compensation for this part of the complaint.

Mr A has mentioned that he is not able to open accounts and he thinks this is due to Barclays. As this wasn't part of his original complaint this isn't something I can look into. He is free to raise a further complaint with Barclays about this and then with us.

I appreciate Mr A will be disappointed with my decision. He feels strongly that he is entitled to more compensation than what was awarded by our investigator but for the reasons I have given above, in these specific circumstances, I don't think Barclays needs to pay Mr A any compensation but it must return his funds to him."

Barclays accepted my provisional decision but Mr A didn't. He said that Barclays didn't explain anything to him despite him visiting its branches a number of times and it also asked for information regarding transactions it was concerned about by post which he only saw when he returned from abroad. He said his health was impacted, he hasn't been able to open an account for a year and incurred debt which he hasn't been able to pay back.

In relation to the transaction in question which resulted in Barclays returning the funds to source, he said that he believed that the person he was conversing with on the exchange knew the person who sent him the money and that they were working together in defrauding Mr A. He added that had this been resolved more quickly he would have probably involved the police. Instead, he is now the only one who has been negatively impacted when he was, in fact, entirely innocent.

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.

Mr A feels he is entitled to compensation because of the way Barclays dealt with the matter. He says its communication wasn't always good and caused him distress. As I said in my provisional decision, I thought Barclays' decision to review the account was fair and reasonable. I appreciate Mr A says that he didn't get the assistance he needed in branch but an account review and the reasons behind it isn't necessarily information that branch staff would have. And I appreciate there was some delay in him responding to Barclays' request because it had written to him in the post rather than electronically. But as Mr A was able to respond to Barclays before it closed his account, I don't think this made a difference in the outcome i.e. the closure of his account.

Mr A believes that the sender of the funds and the purported buyer were working together to defraud him. Unfortunately, this isn't something I am looking into as part of this complaint which is only about Barclays' actions, but as I am asking Barclays to return the funds it sent to source back to Mr A, I think he is being compensated in this regard.

The rest of my findings remain as they were in my provisional decision and now form the findings of this, my final decision.

My final decision

For the reasons above, I am upholding this complaint and asking Barclays Bank UK PLC to return the funds it returned to source back to Mr A. It should also pay 8% simple interest per year on this from the date it returned the funds to the date it refunds it to Mr A.

If Barclays Bank UK PLC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 December 2024.

Anastasia Serdari
Ombudsman