

The complaint

Mr M complains Barclays Bank UK PLC blocked his account when he tried to make a payment to a known payee. He's also unhappy with the poor service when he tried to resolve the issue.

What happened

On 21 June 2024, Mr M attempted to make a payment, but it was held by Barclays for further checks. Barclays contacted Mr M to verify the transaction, but he was unable to pass the verification checks, and as a result, the payment could not be approved.

Mr M was subsequently asked to attend a branch for verification. Unable to do so, he contacted Barclays again and successfully passed the security checks during this second call. He was informed that the payment had been processed. However, later that day, Mr M noticed the payment had been returned to his account. Upon contacting Barclays again, he was informed that he had been incorrectly told the payment was successful—it had actually been cancelled due to the failed verification checks. Mr M was required to initiate the payment again.

Mr M faced further difficulties when attempting to remake the payment, but Barclays assisted him in resolving these issues. He successfully completed the transaction on 22 June 2024, and the payment reached the recipient on 24 June 2024, the next working day. Dissatisfied with the delays and security checks, Mr M lodged a complaint with Barclays.

Barclays upheld part of Mr M's complaint. It acknowledged that he had been given incorrect information regarding the payment status and compensated him with £150 for the distress and inconvenience caused. It also reimbursed the difference in the exchange rate resulting from the delays. However, Barclays maintained that it had acted reasonably in holding the initial payment for security checks and did not accept that its actions were otherwise inappropriate.

Unhappy with this response, Mr M referred the complaint to our service.

Our investigator reviewed Mr M's complaint but did not uphold it. They concluded that Barclays acted reasonably in holding the payment and subsequently cancelling it due to failed security checks. While they agreed that Mr M was provided with incorrect information regarding the payment, they felt the £150 compensation offered by Barclays was fair and did not recommend any further action.

Mr M disagreed with this outcome. He argued that Barclays should not have held the payment, particularly as he had made payments to the same recipient before. He also felt the compensation was insufficient given the time, effort, and reputational damage caused by the delays and cancellation.

As no agreement could be reached, the complaint has been escalated to me for a final decision.

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.

Firstly, I want to acknowledge that I have summarised the main points of Mr M's complaint. I have not responded to every specific detail he raised. This is not intended to cause any discourtesy. Our rules permit this approach, reflecting the informal nature of our service as a free alternative to the courts. If I haven't mentioned something, it's not because I've ignored it. I've carefully reviewed all of Mr M's submissions and am satisfied that I can reach a fair outcome without addressing every individual point.

I must explain to Mr M that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how Barclays have investigated his complaint, such as its investigation or its failure to respond to some of his letters do not come under my powers to consider.

Additionally, it is not within this service's remit to tell a business how to run their security procedures in order for the business to be satisfied they are meeting their regulatory requirements. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Barclays to make changes to their policies and procedures, if necessary.

Banks and building societies have an obligation to try and keep its customers' accounts safe and prevent them being victims of scams. Sometimes they identify and block legitimate payments due to security concerns. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean it has acted incorrectly.

I understand Mr M feels it was unfair that this payment was blocked, especially since he had previously made payments to the same recipient. He highlighted that the only difference was this payment was directed to the recipient's euro account instead of their sterling account. However, I'm not persuaded by this argument. Although the reason for the payment might have been the same, the circumstances and transaction details could have differed. Such variations may trigger fraud detection systems.

From my understanding, the initial delay was likely caused by an automated system—a common practice across the banking industry. Various factors can prompt a transaction to be flagged.

Mr M suggested that Barclays' human adviser should have been able to resolve the issue without contacting him. However, I disagree. Barclays is required to have robust processes to protect its customers and prevent financial crime. How Barclays designs and operates its fraud prevention systems is a commercial decision, and it's not something this service would typically intervene in.

Barclays' terms and conditions (outlined on pages 33–34) explain the circumstances under which it may refuse to carry out instructions. I would expect Barclays' fraud detection systems to act in line with these terms to safeguard customers' accounts. In this case, the payment was flagged, and Barclays took steps to verify it. While inconvenient for Mr M, I cannot say Barclays acted improperly in doing so.

When Barclays contacted Mr M to verify the transaction, Mr M was unable to pass the security verification process. In such instances, it is reasonable for Barclays to block the account temporarily to ensure no funds leave the account until the customer is verified. Had Mr M passed the verification during the initial call, it is likely the payment would have been released without further delay.

I acknowledge Mr M's concerns about the security questions asked during the verification process. However, based on the evidence, I am satisfied that Barclays followed its procedures and acted reasonably. The questions were drawn from its system, and it was Mr M's responsibility to provide the correct answers. These questions are typically based on information provided by the customer, and the adviser would not have been aware of why Mr M used specific answers.

Subsequently, Barclays offered an alternative verification method, bypassing the need for Mr M to attend a branch. This exception was made due to Mr M's circumstances. I find this approach reasonable as it allowed Mr M to proceed with the transaction sooner than he likely would have if required to visit a branch.

During this process, Barclays provided incorrect information by initially stating the payment had been made when it had actually been cancelled. Mr M only realised this later, on 21 June 2024, when the payment returned to his account. Barclays has acknowledged this error and paid Mr M £150 in compensation. However, Mr M feels this amount does not fairly reflect the distress, inconvenience, and reputational damage caused by the delay.

While I recognise Mr M's frustrations, I cannot find that Barclays acted unfairly when it stopped the payment or blocked his account during the verification process. Therefore, it would not be appropriate for me to require Barclays to do more.

In assessing the £150 compensation, I have considered the distress caused by the incorrect information provided. Our compensation awards for non-financial loss are not calculated based on the time a customer spends addressing the issue or on an individual's hourly rate. Instead, they are based on what we consider fair and reasonable given the circumstances.

In this case, if Mr M had been correctly informed during the initial call, he might have been able to make the payment sooner. However, I am satisfied that £150 is reasonable compensation for the inconvenience caused.

I've considered if Mr M suffered any other losses. Mr M says he could have saved £418 in transaction costs. However, I am not persuaded Barclays is responsible for these. The decision to use Barclays rather than another provider was Mr M's, and alternative options were available that may have reduced these costs. Barclays has already refunded £5.64 to cover the exchange rate difference, which I find reasonable.

I appreciate Mr M's disappointment with this outcome. However, Barclays is entitled to take reasonable steps to protect its customers from financial harm. In this case, I find that the restrictions were applied fairly, and the subsequent removal of the block was handled promptly.

While I understand the situation caused inconvenience and frustration for Mr M, I find the compensation offered by Barclays to be appropriate under the circumstances. The restrictions were temporary, and the error in communication, while regrettable, was rectified swiftly.

Ultimately, I do not find it necessary to require Barclays to take any further action in this matter.

My final decision

For the reasons mentioned above, I don't uphold Mr M's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 January 2025.

Jag Dhuphar

Ombudsman