

The complaint

Mr M complains that Barclays Bank UK PLC unreasonably blocked his accounts without explanation.

What happened

On 8 August 2023 Mr M that that he couldn't make payments from his personal and business accounts. When he contacted Barclays, he wasn't given any further information about why the accounts were under review. The blocks were subsequently removed on 16 August 2023.

Mr M complained to Barclays. The bank responded to say they were satisfied the blocks were appropriate, but accepted the service provided hadn't been up to standard. They offered compensation to one of his businesses.

Dissatisfied with this Mr M referred his complaint to our service – saying the block had a profound impact on his health. One of our investigators looked into what happened but felt the block on the account was fair. They didn't ask Barclays to do anything further.

Mr M disagreed, and as such the complaint was passed to me to decide. After review I issued a provisional decision, that said:

Like all regulated financial businesses in the UK Barclays must meet strict legal and regulatory obligations when providing accounts to consumers. Broadly these obligations can be described as a duty to monitor and investigate accounts for signs of financial distress and financial crime – such as fraud or money laundering. Failure to meet these obligations can have a significant effect on the bank, so it's right that they take these obligations seriously.

These obligations mean Barclays may need to take a closer look at accounts or transactions – to better understand how an account is being used, or where the money they hold has come from. And they can make the decision to block any further transactions while they carry out a review – there is provision for this in the terms of Mr M's account.

Barclays aren't under any specific obligation to explain to Mr M why the account was blocked – although I note at the same time Barclays were asking questions about a transaction in to one of his business accounts.

I appreciate Mr M was holding accounts in her personal capacity, but. I'm persuaded it was fair for Barclays to review his personal accounts at the same time – this would be in line with common industry practice. It's ultimately for Barclays to decide what they consider to be a risk, and I'm persuaded that it was reasonable for Mr M's account to be blocked.

But blocking an account is obviously going to cause issues and problems for the consumer. Any review should be completed promptly, to reduce the amount of disruption. Here the review was completed within Barclays' stated timescale and the blocks removed. I also note from the account statements that some regular payments, such as direct debits, were still made during the period of the block.

I'm satisfied that it was reasonable for Barclays to have blocked Mr M's account while the review was ongoing. And while I've no doubt this was would have been frustrating and inconvenient to Mr M, I can't reasonably compensate him for this as it flows from Barclays' reasonable actions.

But I'm satisfied that that the service Barclays provided wasn't up to standard – I accept it's likely Mr M was given misleading information about the block, and he's had difficulties with complaints not being logged correctly for him personally. I note Barclays have accepted these issues, but offered compensation to one of his businesses, rather than him personally. In the circumstances I think it will have personally caused him a degree of frustration, and it would be appropriate for some personal compensation to be paid. Having considered this I'm minded that £125 would be a reasonable amount to reflect the impact of these service failings.

Barclays accepted this outcome. Mr M didn't respond before the deadline. It now falls on me to issue my 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.

In the absence of any new arguments or considerations from either party I remain satisfied with my conclusions in the provisional decision. It was reasonable for Barclays to block Mr M's account while they conducted a review – this was in line with the terms of the account, and their wider legal and regulatory obligations. But I see that the service he received was unhelpful and increased his frustration. In the circumstances I see that £125 is a reasonable amount of compensation for the impact these failings caused.

My final decision

My final decision is that Barclays Bank UK PLC must pay Mr M £125 compensation.

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

Thom Bennett
Ombudsman