

## The complaint

Mr S is unhappy about Barclays Bank UK PLC decision to close his account and register two fraud markers against his name.

## What happened

Mr S held an account with Barclays. In January 2023, Barclays carried out a review on the account and asked Mr S for some further information relating to some credits he'd received. Mr S responded to Barclays information request, but Barclays couldn't open the electronic file Mr S sent.

In February 2023, without reviewing the information Mr S provided, Barclays made the decision to close Mr S's account, withhold the money left in it and added two fraud markers.

Mr S complained. Barclays reviewed the information Mr S had previously sent and while confirmed the account would remain closed, decided to remove the fraud markers and give Mr S access to the money which was left in the account. Barclays initially offered £200 compensation for not reviewing the information, and later also agreed to pay compensatory interest on the funds which remained in Mr S's account.

Mr S remained unhappy, he explained the distress the fraud markers caused – namely having other accounts blocked and closed, and so couldn't access money which had a direct impact on his wellbeing, ability to pay bills and his family.

Our investigator considered things and said Barclays were entitled to close the account but felt the compensation amount should increase to £400. Barclays agreed, Mr S didn't and so the complaint has been passed to me for a decision.

Whilst reviewing things I reached out to Barclays and Mr S to resolve things informally. I asked for the compensation to be increased to £1,000. Mr S didn't respond but Barclays did; they provided further information for me to consider.

Earlier in February 2025, I issued a provisional decision to both parties. In it, I said;

### The account closure

*I'll deal first with Barclay's decision to review and subsequently close Mr S's account. Barclays has important legal and regulatory obligations they must meet when providing accounts to customers. To comply with their obligations, Barclays may need to review an account and/or restrict their customer's access to accounts and funds held within them. It's also often appropriate for Barclays to ask for additional information when carrying out a review. I'm glad to see Barclays asked Mr S for additional information, and I'm pleased Mr S was able to provide this within a timely manner.*

*It's unfortunate Barclays couldn't review the information Mr S had sent, and it's disappointing they didn't get in touch with Mr S about this and continued with their review despite not being able to access the information they requested. It was on this basis they decided to close*

*Mr S's account, and I can understand his frustrations with that. However, it's generally for banks to decide whether they want to provide, or continue to provide, banking facilities to any customer. Banks should, however, give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. Having considered the account terms and all the evidence, I'm satisfied Barclays applied the terms fairly. And so, I consider they were entitled to close the account.*

#### Withholding the money

*When closing the account, Barclays withheld the money which was left in it from Mr S. I appreciate this would have put Mr S in a financially challenging situation, however I've also considered this wasn't Mr S's main bank account.*

*I haven't seen enough evidence to satisfy me that Barclays should have withheld the money from Mr S. Usually, in cases where a consumer has been unfairly refused access to their money, we recognise this loss through suggesting 8% simple interest is paid on the time and amount of money held. We use 8% simple interest because it's the current statutory interest rate on judgement debts and therefore we feel is the most reasonable way to recognise the loss of use. I consider this is relevant in Mr S's circumstances as he was, wrongfully, deprived of the funds.*

#### The fraud markers

*Since reviewing the evidence Mr S provided, Barclays has removed the fraud markers so I haven't considered whether they should have been applied or not. It's now left to decide how to put things right. I've no doubt this overall situation caused a significant amount of distress and inconvenience to Mr S.*

*Placing a value on distress and inconvenience isn't an exact science. Our awards are not designed to 'punish' businesses for any mistakes they've made. But in this case, I think a total of £750 seems fair compensation. I recognise Mr S will be disappointed by this amount as he wants significantly more. But I haven't seen any evidence of direct financial loss and I've had to consider that this wasn't Mr S's main bank account. While the fraud markers resulted in Mr S's other accounts being either blocked and/or closed, he was left with a running account. Barclays realised their error and removed the marker – so Mr S was in detriment for just under three months in total. I appreciate his comments around the impact this had on him being able to attend certain events and pay bills on time so I believe the increased level of compensation is appropriate.*

So overall, I thought Barclays should:

- Calculate interest at 8% simple per year on the amount they withheld from Mr S (£1,288.91).
- Pay Mr S a total of £750 compensation to recognise the distress and inconvenience caused.

Barclays responded to my provisional decision and agreed with it. Mr S didn't respond with any further comments or arguments.

#### **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.

As neither party raised further arguments, I see no reason to depart from my provisional findings. In summary, I'm satisfied Barclays were able to close the account, but I don't think

they should have withheld the money from him. And I think Barclays should recognise the distress and inconvenience the overall situation caused Mr S and pay compensation.

### **Putting things right**

To put things right, Barclays Bank UK PLC should do the following:

- Calculate interest at 8% simple per year on the amount they withheld from Mr S (£1,288.91). They should calculate this from the day they closed the account to the day Mr S had access to it.
- HM Revenue & Customs requires Barclays Bank UK PLC to withhold income tax from the above-mentioned interest. Barclays should give Mr S a certificate showing how much is taken off if Mr S asks for one.
- Pay Mr S a total of £750 compensation to recognise the distress and inconvenience caused.

### **My final decision**

For the reasons explained above, and in my provisional decision, I uphold this complaint. Barclays Bank UK PLC should put things right in the way I have outlined above.

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

Hayley West  
**Ombudsman**