

## The complaint

Mr S complains that Barclays Bank UK Plc closed his account, and withheld funds from him. He'd like the account reinstated and the money returned to him.

## What happened

Mr S held accounts with Barclays. But in March 2023 he wanted to transfer funds in to his ISA account before the end of the tax year, but found he couldn't access the account. He went to branch, but was told his account had been closed, but was not given an explanation.

Unhappy with this Mr S complained, asking for an explanation and the funds he held to be released to him. Barclays responded to say they felt the decision to close his accounts was correct. They said at the point of closure £63,956.66 was removed from his accounts and would be held until he could provide proof of ownership of these funds.

Mr S explained these funds had been sent from his mother's account, which he has authority through a Power of Attorney (POA) to operate. He found that these had been reported as fraudulent, but provided an explanation that this was down to his mother's medical conditions. But Barclays didn't return the funds to him.

Dissatisfied with this Mr S referred his complaint to our service. One of our investigators looked into what happened. After discussions, Barclays they agreed to re-open Mr S' current account, but they said they couldn't re-open ISA accounts due to restrictions placed on the usage of these accounts.

The investigator felt that the initial decision to close was reasonable, but Barclays should have provided the notice period given in the account terms. They also felt a balance of £178.91 was unreasonably withheld from him – they suggested Barclays return this to him, along with 8% simple interest per annum for the period he was without the funds, along with £150 compensation. But the investigator ultimately felt the decision to remove the £63,956.66 was reasonable.

This was accepted by Barclays. But Mr S disagreed, saying he was entitled to the withdrawn funds, and sent further information into show his entitlement to the funds. But this didn't change the investigator's mind.

As no agreement could be reached the complaint was passed to me to decide. I requested further information about the disputed £63,956.66 from the original sending financial business, which has been received.

After considering the evidence I issued my provisional decision that said:

### Account block and closure

*Barclays, like all regulated financial businesses in the UK, have to meet strict legal and regulatory requirements when providing accounts to their customers. These obligations can broadly be described as a duty to monitor accounts and payments to look for signs of*

financial crime or financial harm. These obligations mean that on occasion they may need to review the activity or payments into an account. And they may see it as necessary to restrict the use of an account, and decline payment instructions, while they do. There is provision for this in the terms of Mr S' account with Barclays.

There's no specific obligation on Barclays to explain why an account is under review – and the bank have declined to discuss this in detail with him. The rules of our service allow us to receive certain evidence in confidence, for example if it contains sensitive security information, or details about third parties. In this case I'm satisfied that it wouldn't be appropriate for me to share the full reasoning for the restriction placed on the account. But the decision to carry out a review into the account was reasonable.

Barclays also have a broad commercial discretion in to who they provide accounts to, and on what terms. The terms of the account, and the relevant regulations, allow them to close an account for any reason so long as they provide appropriate notice – typically two months. In this case they closed Mr S' account immediately, which can only be done under limited circumstances, which are outlined in the terms.

Barclays have now offered to re-open Mr S' current account, which suggests to me they acknowledge the decision to close it in this manner wasn't reasonable. And having considered the totality of evidence I'm not persuaded that the circumstances met any of the conditions in the terms for when an account can be closed without notice.

So, I'm satisfied that Mr S' hasn't been treated reasonably. In terms of impact Mr S has mentioned being unable to transfer funds into his ISA before the annual deadline. But the funds had been in the current account since September 2022, and could have been paid in at any point before then. So, I'm not persuaded this represents a specific loss.

The current account itself doesn't appear to be a main account where costs such as bills and housing are paid for. And the ISAs held very low balances at the time of the closure - £1.16 in total. But I accept it will have been upsetting and inconveniencing to Mr S to have this account closed suddenly. So, I think it's appropriate that Barclays pay some compensation in recognition of that.

#### Withholding of funds

After the closure of the account Barclays took the decision to remove the funds. They've said they've taken the amount of £63,956.66 and returned it to the original sending account belonging to Mr S' mother.

I note that this account originally sent Mr S £63,777.75 – so there was £178.91 which wasn't in dispute. So, I don't see it as reasonable that Barclays retained this amount for as long as they did. I see it would be reasonable for Barclays to return this amount to him, along with 8% simple interest per annum to reflect the loss of use of these funds, from date of the account closure to the date the funds are returned.

In relation to the £63,777.75, I'm satisfied that Mr S has demonstrated that he was entitled to these funds. I appreciate that Barclays has received word that there is a dispute over these funds. But there are several factors that lead me to think he has done what he reasonably can to show this:

- Mr S has demonstrated that he has POA over his mother's account. The business with the sending account has confirmed he remains on the account. I think it would be unlikely he would be allowed to continue to operate the account if they had concerns he had taken funds that he wasn't entitled to.

- *He has provided a deed of variation showing that the funds were part of an inheritance his mother was to receive. And that the amount of £63,777.75 was then to be transferred to him as a new beneficiary of the estate. This is consistent with the payments he received.*
- *There is a letter from a consultant psychiatrist regarding his mother, which says she suffers from paranoia and persecutory delusions – and specifically mentions feeling like she had been cheated out of funds withdrawn from her account. The psychiatrist makes no finding on the likelihood of this, but it is still consistent with Mr S' position.*
- *There is a letter from Mr S' solicitor stating that he was investigated by the police in relation to these funds, but there was insufficient evidence for the investigation to proceed and a charge was refused.*

*The accusation that Mr S wasn't entitled to these funds should be treated seriously. But has been looked at by the police, and those responsible for his mother's care, and they haven't concluded that Mr S was taking funds he wasn't entitled to. I've been given no reason to doubt the authenticity of the documents Mr S has provided. From the history of communication between Mr S and Barclays I'm satisfied that he was making genuinely efforts to supply them with his proof of entitlement.*

*Now, Barclays have said they've returned the funds to the sending business – which considering Mr S seemingly can operate that account would mean he could forward them on to another account of his. But the original sending business has confirmed they've not received these funds back – which ties in with what Mr S has told us. I've attempted on several occasions to get Barclays to explain where the funds have gone, but not received any response.*

*As I see that Mr S has shown his entitlement to these funds, and Barclays haven't been able to show me that they've returned these funds to the sending account, I'm minded it is reasonable for Barclays to refund these directly to him – along with 8% simple interest per annum for the period without the funds.*

*In this case it was reasonable for Barclays to block access to these funds while they investigated – but I see that by 17 July 2023, the date of his solicitor's letter, that it would have been reasonably clear to Barclays as to his entitlement to these funds. So, the interest award should run from then until the date the funds are returned to him.*

### Markers

*Mr S has also complained about impact on his credit file from the closure. I've not seen anything to suggest Barclays have reported anything negative about his accounts externally. And they have agreed to remove any markers they had internally. I see that this is reasonable.*

### Putting things right

*In this case it would be reasonable for Barclays to:*

- *Re-open Mr S' current account.*
- *Return the £178.91 that was not in dispute and add 8% simple interest per annum to this amount from 31 March 2023 to the date of settlement.*
- *Return the £63,777.75 that was in dispute and add 8% simple interest per annum from 17 July 2023 to the date of settlement.*
- *Pay Mr S £400 compensation for distress and inconvenience caused by the immediate closure, and failure to consider his proof of entitlement.*

Barclays responded to say they were trying to find out what had happened to the £63,965.66, and whether it was returned to the sending party. But no further information has been provided before the deadline.

Mr S responded to partially accept the provisional decision. He asked for the 8% interest award to begin earlier than 17 July 2023. He also asked for Barclays to release information about the disputes raised. He provided further information about the impact on him, and thought the compensation award should be between £5,000 and £10,000.

As the deadline for responses has now passed, it 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.

Having considered everything afresh, I remain satisfied with the conclusions reached in the provisional decision.

It was right that Barclays carry out a review of Mr S' account. This was in line with their terms, and their wider and legal and regulatory obligations. So, I don't see that they've done anything unreasonable by this. There was clearly concern around the £63,777.75 Mr S had received. So, it was reasonable for Barclays to ringfence this money while they investigated his entitlement to these funds. But for the reasons given in the provisional decision I'm satisfied that Mr S has shown his entitlement to these funds.

Barclays still haven't been able to adequately explain what happened to these funds, despite continuing investigation. Mr S has confirmed that they haven't been returned to the original sending account. But I'm minded that the most pragmatic resolution is for Barclays to return the funds directly to Mr S. It would also be appropriate to add 8% simple interest per annum to this amount, to reflect the loss of use of these funds.

I've considered Mr S' proposal to move the start date earlier – but as mentioned above I consider it appropriate to ringfence any funds in dispute, and I'm satisfied that the reason for doing so was credible. But I still see that by 17 July 2023 Barclays ought to have been reasonably aware of Mr S' entitlement to these funds, and reasonably could have released these then. On that basis I see it's fair for the interest award to begin then.

There was the £178.91 that wasn't in dispute – and Barclays could have released this much earlier. I'm satisfied this should be returned to Mr S, along with 8% simple interest per annum from 31 March 2023.

In relation to Mr S' request for Barclays to disclose certain evidence in relation to the dispute, I'm not persuaded this is appropriate here. My role is to decide the complaint based on what I consider to be fair and reasonable – and I don't see that asking Barclays to justify their internal processes helps resolve the complaint. I've accepted that they were unreasonable in continuing to hold Mr S' funds past 17 July. Mr S is perfectly entitled to see his personal data – and he's demonstrated that he raised a data subject access request (DSAR) for this information.

Mr S requested call recordings or transcripts of two calls he says didn't happen, and that if this cannot be provided then I should assume they didn't happen. I did see reference to a call on 30 May 2023, in relation to Mr S' complaint. But ultimately this has no bearing on the outcome I've reached.

I've also considered Mr S' request for higher compensation, but I don't see that this is justified here. I've considered the points he's raised, particular in relation to the impact on his mental health and the Judicial College Guidelines for personal injury claims. It's not my intention to disregard what he's been through.

The compensation awarded here is to reflect the delay in releasing the funds in the account, and not considering the proof of entitlement with appropriate care, as these are the points where I'm satisfied that Barclays have been unreasonable. This will likely have increased the distress to him and dragged the situation on longer than was necessary. I appreciate Mr S may be disappointed by this, but I remain satisfied that £400 is an appropriate amount of compensation for the impact of this.

### **Putting things right**

To resolve this complaint Barclays must

- Re-open Mr S' current account.
- Return the £178.91 that was not in dispute and add 8% simple interest per annum to this amount from 31 March 2023 to the date of settlement.
- Return the £63,777.75 that was in dispute and add 8% simple interest per annum from 17 July 2023 to the date of settlement.
- Pay Mr S £400 compensation for distress and inconvenience caused by the immediate closure, and failure to consider his proof of entitlement.

If Barclays considers that they are required by HMRC to deduct tax from the interest award then they should let Mr S know how much has been deducted. They should also provide a certificate showing this, should Mr S ask for one.

### **My final decision**

My final decision is that I uphold this complaint and direct Barclays Bank UK PLC to settle it as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 May 2025.

Thom Bennett  
**Ombudsman**