

The complaint

Miss N complains Barclays Bank UK PLC unfairly loaded her details to a fraud database.

What happened

Barclays sent Miss N a letter, in November 2022, to say it had closed her account. Miss N complained to Barclays, and it responded to say it had reviewed this decision and wouldn't change its mind.

Barclays responded again to say it would need some information about payments into Miss N's account if it was going to review the closure again.

Miss N then complained to Barclays, in early 2025, about a fraud marker it had placed against her when the account closed. Barclays said it wouldn't be removing the fraud marker, but other banks shouldn't decline applications from Miss N.

Unhappy with this response, Miss N brought her complaint to this service. An investigator looked into things and thought Miss N's complaint should be upheld.

The investigator said they couldn't consider the closure of Miss N's account, as this was addressed in previous final responses. But the investigator could look at the fraud marker, and thought Barclays should remove it.

The investigator said Barclays hadn't done enough to explore what was going on with Miss N at the time she received fraudulent money. The investigator also thought Barclays hadn't considered Miss N's vulnerabilities.

The investigator thought Barclays should remove the fraud marker, pay Miss N £100 in compensation and pay back the costs of the fee-paying account Miss N had been using.

Barclays didn't agree and said it would remove the loading but didn't think it should pay any compensation. Miss N's complaint was passed to me, and I contacted Barclays about removing the marker and paying Miss N's losses.

Barclays said it had removed the marker but didn't feel the cost of the fee-paying account was fair for it to pay. Barclays said Miss N could have discussed her issues in 2022 and the investigator's assessment was the first time it had considered Miss N's circumstances.

Barclays said it accepted what Miss N said about the payments into her account, but she could have raised this sooner than she did.

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.

I don't think there's much dispute Miss N received fraudulent money into her account.

But this alone isn't enough for Barclays to load a fraud marker to Miss N's records, it also needs to show Miss N knew, or should have known, the money was illegitimate.

Barclays can do this by speaking to Miss N and finding more about why she received the money into her account. And I can see Barclays tried this, at least twice, but it seems Miss N didn't speak to Barclays in 2022 about the money she received.

But Miss N spoke to Barclays as part of her complaint, and explained the money coming into her account was from a lodger's family. Miss N received money to pay the lodger's rent, but sometimes was paid more and took the difference out in cash.

Miss N was in a particularly vulnerable place when this was happening, and I think everyone accepts Miss N was clearly being taken advantage of.

Barclays has said the investigator's assessment was the first time it had been able to understand Miss N's circumstances, but I don't think this is right.

There are some notes to say Barclays thinks Miss N is vulnerable, so I think it knew some of what Miss N was going through at the time.

And Barclays definitely knew about what had happened when Miss N logged her complaint. Barclays has sent this service a 'question and answer' document where Miss N explains in some detail what was happening at the time of the fraudulent credits.

Miss N talks about the lodger and her substance abuse, so I can't agree the first Barclays knew about this was the investigator's assessment.

And following the questions Barclays asked, and Miss N's open and honest answers, it didn't agree to remove the fraud database loading. Barclays then reviewed things when Miss N brought her complaint here, and still didn't remove the loading.

I need to think about what's more likely to have happened had Miss N explained to Barclays, in 2022, the credits into her account. And I think it's much more likely Barclays would still have loaded the fraud database marker, and this would have been unfair.

Because of this, I don't think it makes too much difference whether Miss N explained the credits and her personal circumstances in 2022. Barclays had the same information prior to this service's involvement and still refused to remove the loading.

I think Barclays was wrong to load Miss N to a fraud database at the time it did, and even had Miss N fully explained what happened it would have maintained this incorrect loading.

Barclays has said Miss N could have mitigated her losses by raising things sooner and fully explaining her circumstances. But Miss N did this in 2025 and Barclays still didn't remove the loading, I don't think it would have been different in 2022.

So, Miss N would likely have always ended up with a fee-paying account. It might not have been for as long, but I don't think it should have been for any time at all, I think Barclays was wrong to load Miss N but always would have, explanation or not.

So, I think it's Barclays' error that led to Miss N opening a fee-paying account. I accept the rules of the fraud database say banks shouldn't decline applications on the basis of the

loading only, but in practice this is often what happens.

I don't think Miss N could mitigate the cost of the account she opened, I believe other banks would have declined her application for an account.

But I think Miss N has mitigated further cost by using her fee-paying account sensibly, she hasn't sent multiple costly transfers or withdrawn money from a machine, and incurred a fee, several times through a month.

And I think the fraud database loading's had a significant effect on Miss N. Miss N hasn't been able to open a free account and paid out money in fees which she's struggled to afford on a month-to-month basis.

Miss N's been very open about her vulnerabilities and her struggles with substance abuse, and I think the inconvenience of the fraud marker has had a more profound effect on Miss N.

The investigator suggested a payment of £100, but I don't think this is a fair amount to pay and I've already told Barclays my thinking was £300 was fairer. I haven't changed my mind after Barclays' responses, I still think £300 is a fair amount to pay.

And, like the investigator, I don't think I can look into a complaint about the account closure itself. This is because Miss N complained about this in 2022 and was sent final responses.

These final responses said Miss N had six months to bring her complaint to this service and she didn't. I can't comment on the account closure itself, I think Miss N's out of time.

Putting things right

Miss N had to open a fee-paying account, which charges £12.50 a month. Miss N also pays £7.50 for immediate faster payments and £1.50 for cash machine withdrawals.

Miss N paid £10 for six months of statements from her account provider, and I've looked through these to estimate Miss N's loss.

I think Miss N was, on average, using the immediate faster payments once a month and withdrawing cash four times a month.

I think Miss N's been charged an estimated £26 per month, for 31 months (to the date of this decision).

This works out to £806, and an additional £10 for the statements, £816 in total.

I also think Miss N was caused some considerable distress and inconvenience because of Barclays' decision to not tell her about the loading, and then not remove it when she first complained.

Because of this, I think Barclays should pay Miss N £300 to compensate her.

My final decision

My final decision is I uphold this complaint and Barclays Bank UK PLC must:

- remove any fraud database loadings it's placed against Miss N
- pay Miss N £816 financial loss

- pay Miss N £300 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 15 August 2025.

Chris Russ
Ombudsman