

The complaint

Mr I complains that Barclays Bank UK PLC ('Barclays') withheld his funds following a payment he received and returned to the remitter. Mr I adds that Barclays' actions caused him trouble and upset and had a significant financial impact on him.

What happened

Mr I had a personal foreign currency current account with Barclays. In September 2024, Mr I received a payment of \$12,000 to the account.

In January 2025, Barclays contacted Mr I to explain it required information from him within three business days regarding the payment. Mr I says he didn't receive Barclays' initial request for information and saw it later, on his mobile banking app, so he provided a response in February 2025. Mr I explained in his response that he had been paid the funds from a client of his, for marketing and PR purposes. Mr I also supplied evidence of the work he had carried out for the client as part of his response.

Barclays removed the funds from Mr I's account and returned them to the remitter on 6 February 2025.

Mr I complained about the returned payment to Barclays in March 2025 and also expressed his dissatisfaction regarding the customer service he'd received from Barclays, relating to the lack of information he says he was given about the payment and unreturned phone calls.

Barclays issued its final response to the complaint in March 2025. In summary, it said:

- Following an internal review and Barclays' request for information from Mr I, Barclays had taken the decision to return the funds to the sending bank at their request
- Mr I should contact the sender of the funds if he believed there had been an error
- Barclays hadn't been able to find any evidence of poor service from its customer services team
- Barclays was obliged to put safeguards on accounts whilst completing account reviews, in line with its terms and conditions

Mr I referred his complaint to our service. He explained he had made a number of calls to Barclays and spent hours on the phone regarding the matter. Mr I added that Barclays didn't notify him that the funds were to be removed from his account and he wanted Barclays to pay a substantial amount of compensation for the distress and inconvenience caused.

Mr I's complaint was passed to one of our Investigators. Barclays explained to them that up to that point, it hadn't been able to locate the evidence Mr I had submitted to show his entitlement to the funds. Barclays was then sent Mr I's evidence which led to it reviewing the matter again.

Barclays confirmed it was satisfied with Mr I's evidence and put forward an offer to refund the \$12,000, pay interest on the funds from the date the funds were removed from the account to the date they would be refunded and £300 compensation for the error in removing the funds from Mr I's account.

Our Investigator shared the offer from Barclays with Mr I and said they thought it was fair.

Mr I said he didn't feel the compensation amount reflected the impact Barclays' error had on him and his wellbeing. He added that he'd had to make international calls to Barclays regarding his funds, which had caused him additional costs and taken time away from his ability to conduct business activities.

Mr I shared screenshots from his phone bill to show international charges he received, from February to March 2025. In addition, Mr I explained he'd intended to utilise the funds to pay his credit card bill and as he wasn't able to do so, he incurred an interest charge of £935.24 in February 2025.

Our Investigator looked into things again and in summary, they said:

- Barclays was entitled to respond to a recall request from another bank and return funds when no evidence or insufficient evidence was provided. In Mr I's case, it was accepted that he had submitted sufficient evidence to Barclays, so it had treated Mr I unfairly in returning the funds to the sending bank
- The offer from Barclays was fair and in line with our service's guidelines for compensation awards
- Mr I had been asked for bank statements for other accounts he held but they weren't provided, so it wasn't possible to assess how his financial situation had been affected by Barclays returning his funds
- The credit card bill Mr I had submitted was a large bill but without being able to assess Mr I's overall financial situation it wasn't possible to determine Mr I's ability to pay it. In addition, Mr I would've had the option to just pay the minimum payment
- Mr I had approximately \$15,000 remaining in his currency account after Barclays removed the funds in question from his account in February 2025

Mr I disagreed and said he thought Barclays should pay him substantially more compensation of £1,500, which he felt was in line with our service's guidelines for compensation. He said the funds that had left his Barclays account in February 2025 was for a client service and he reiterated previous points he'd made regarding why he felt the compensation amount offered by Barclays wasn't sufficient. He also shared bank statements from some of his other accounts to show his financial position around the time the funds were removed from his account.

Our Investigator responded in short to say:

- The guidelines published by our service regarding higher levels of compensation that had been awarded involved circumstances where the impact was more severe than what Mr I had experienced
- Mr I hadn't evidenced that the funds he removed from his account in February 2025 after Barclays removed the \$12,000 were used for a client
- Mr I's Barclays statement showed significant funds entering his account from a limited company that Mr I was a director of, which indicated there were funds available in the company's account that Mr I could've utilised to lessen the overall impact of the removal of the \$12,000

Mr I argued that the funds which were in his account after the payment was returned to the remitter by Barclays, were related to expenditure for his company and utilised as an emergency loan. So, he considered the funds to be assets of his company, rather than funds that were available for his use personally.

Mr I added that he expected Barclays to have evidence from its internal records and Mr I's contact with it, to show the urgency of the matter and the overall distress and inconvenience he experienced.

As no agreement could be reached, the matter has been passed to me to decide.

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've read and considered all of Mr I's submissions regarding his complaint, but I'll concentrate on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. Having reviewed the information provided by Barclays, I'm satisfied it was entitled to review the payment of \$12,000, as it received a recall request regarding the funds. Barclays subsequently followed its processes by requesting information from Mr I, regarding the payment.

From the evidence I've seen, it appears Mr I verbally confirmed he would submit evidence to Barclays in February 2025 relating to the payment, but Barclays had already taken the decision to return the funds to the remitter. Barclays later informed our service that it couldn't locate the evidence Mr I said he shared regarding his entitlement to the funds.

Having reviewed the evidence from Mr I to show his entitlement to the funds, I think it's fair that Barclays have decided to return the funds to Mr I. Whilst I can't say exactly when Mr I returned the form detailing the information regarding the payment to Barclays, on balance I think he returned it to the bank in February 2025, and I can see he chased the matter up with Barclays after this point. So, in addition to the return of the funds, I think it's fair for Barclays to pay Mr I interest on the funds for the time he was deprived use of them, which it has offered to do. And I note, Barclays returned the funds to Mr I in June 2025.

Mr I has put forward a number of arguments regarding why he considers the compensation offer from Barclays isn't sufficient. I've carefully considered the points Mr I has made when determining whether Barclays should pay Mr I additional compensation for the trouble and upset caused by the situation.

The payment that Barclays returned to the remitter was initially received by Mr I in his capacity as a sole trader, as he has explained it was a client of his that was making the payment. I'm mindful that the account the funds were received to is a personal account, although the payment he received was for business purposes.

Whilst I appreciate Mr I says the situation caused him a significant amount of distress and inconvenience, I would also add that Mr I was using his personal account to receive a business related payment. This goes against the terms of the account which says it shouldn't be used for business purposes. And since the payment was for such purposes, it should be expected that engaging in business activity comes with an element of risk and things will not always go exactly as planned.

I recognise Mr I spent time chasing the matter up with Barclays over the phone and he has submitted evidence to show he paid daily global roaming charges to his mobile phone provider in February and March 2025, which he considers should be reimbursed. I haven't seen any evidence to suggest that Mr I purchased the roaming package, solely to contact Barclays and I note he says he was abroad around the time the payment was reviewed, so I don't find it's reasonable to ask Barclays to cover Mr I's additional phone charges.

Mr I's credit card bill shows he was charged a significant amount of interest at the beginning of February 2025 by his credit card provider. I acknowledge Mr I says he intended to use the funds Barclays removed from his account to pay this bill.

Barclays has provided statements for one of Mr I's sole trader accounts which shows it had a balance of approximately £100,000 available at the time Mr I's credit card bill was due. I haven't seen anything to suggest Mr I made attempts to mitigate his losses in relation to the interest charges, considering he had a large amount of funds available elsewhere. Whilst Mr I didn't utilise funds he had in another of his accounts to cover his credit card bill, I'm not persuaded that it's reasonable for Barclays to pay the interest Mr I was charged by his credit card provider.

I have no doubt that Mr I was put in a difficult position when Barclays sent the funds from his account back to the remitter, which caused him worry regarding whether the funds would be returned to him. I realise Mr I is unhappy with Barclays' overall service and handling of the matter. I've also taken into account that Mr I didn't respond to Barclays' information request in January 2025 regarding the payment, promptly. And I consider Barclays could've done things better here in terms of locating and reviewing Mr I's proof of entitlement evidence, which likely would've resulted in Mr I's funds being returned to him sooner.

Overall, for the reasons I've mentioned, I think the compensation and payment of interest that Barclays has offered is fair. I recognise how strongly Mr I feels about his complaint, so I realise he will be disappointed by my decision. But based on the evidence I've seen I won't be telling Barclays to do anything more to resolve Mr I's complaint.

My final decision

For the reasons above, I have decided to uphold this complaint. Barclays Bank UK PLC must do the following to put things right:

- Pay Mr I 8% simple interest on the sum of \$12,000 from 6 February 2025 to 26 June 2025* and;
- Pay Mr I £300 compensation

*If Barclays considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr I how much it's taken off. It should also give Mr I a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 31 March 2026.

Khadijah Nakhuda
Ombudsman