

The complaint

Ms M complains Barclays Bank UK PLC unfairly closed her account and withheld funds.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Ms M held a Barclays account and on 29 and 30 August 2024 the account received a number of incoming credits. Ms M says her parents who were based abroad had agreed to send her funds as she was carrying out house renovations. Ms M explained her parents had used a third-party independent money exchange broker (who I will refer to as AB) to send the funds over.

Barclays received a fraud report for one of the incoming payments, and on 31 August 2024 it placed a block on Ms M's account and reached out to her for proof of her entitlement to the incoming funds. Ms M was able to provide some details and supporting evidence, but Barclays didn't consider this to be sufficient to release the funds and unblock her account. Barclays sent one payment back to sender, and the remaining funds were withheld from Ms M. Barclays made the decision to close Ms M's account on 6 September 2024.

Ms M raised a formal complaint with Barclays as she wanted access to the funds within her account. Barclays issued Ms M with a final response letter on 10 January 2025. In this letter it explained that it was acting in line with its legal and regulatory duties by blocking the account and withholding funds. It said it completed the review promptly and it had reviewed all the evidence Ms M had submitted. Barclays confirmed that £14,016.75 was removed from the account and that these funds could only be released once Ms M could show they were legitimate, and she was entitled to them. It reiterated that the evidence submitted to date wasn't adequate, and it would continue to retain them.

Ms M remained unhappy with Barclays' response and referred the complaint to our service. Within her submission Ms M presented specific details regarding the arrangement her parents had with AB and the transfer her mother made to it. Ms M provided screenshots, bank statements, solicitor letters and her testimony for consideration. An Investigator reviewed their concerns and in summary, made the following findings:

- Barclays' regulatory obligations mean it is entitled to carry out reviews of customer accounts.
- The block and closure of Ms M's account was fair and in line with the account terms and conditions.
- Barclays' decision to withhold the funds in Ms M's account until it was satisfied that Ms M was entitled to them was appropriate.
- The evidence provided by Ms M to date isn't adequate and Barclays has acted fairly in asking for further evidence.
- Since the initial fraud claim, Barclays has received an additional claim. This understandably has added to its concerns about the funds that entered Ms M's account.

- The additional evidence Ms M has provided isn't enough to show she is entitled to the funds. AB has employed illegal methods to transfer funds to Ms M.

Ms M disagreed and reiterated her concerns and provided evidence to show she had reported AB's activity to the relevant regulatory body in Nigeria. Ms M says this demonstrates that her family – and her – had been the victims in this scenario. As no agreement could be reached the case has been referred to me – an ombudsman – for a 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.

Firstly, I am sorry to see Ms M has had cause for complaint. I can see from the evidence provided that this complaint has been a source of genuine stress and worry. I don't underestimate the concern this situation has caused, and also the inconvenience of dealing with the complaint about it. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'll start by setting out some context for the review of Ms M's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Ms M's case I'm satisfied Barclays was complying with these obligations when they reviewed Ms M's account.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Ms M, but I'd like to reassure her that I have considered everything she and Barclays have said before reaching my decision.

Based on the information disclosed by Barclays I'm satisfied it acted fairly by blocking Ms M's account and had no obligation to tell Ms M the basis of its concern or forewarn her of its intention to carry out such a review.

Ms M's account terms and conditions also allow Barclays to block the account to ensure it's able to comply with its regulatory requirements. I understand Ms M's frustration with the block, and I don't doubt it would've had a detrimental impact on her. I've looked at the reasons Barclays placed blocks on the account, and I'm satisfied it acted in line with its obligations and acted both fairly and reasonably. So, I don't think Barclays did anything wrong when restricting the account.

Whilst the account was blocked Barclays asked Ms M for evidence to support the activity on the account. In particular it asked for details regarding the incoming credits and her entitlement to them. Ms M provided various pieces of information to assist with the review – this included evidence regarding the renovation being carried out and contact with the broker

AB who her parents were using in Nigeria. However, Barclays didn't consider this evidence to be sufficient. Looking at the information Ms M provided I think this was reasonable. The information didn't clearly establish a legitimate source of the funds within the account – and it highlighted some significant concerns about the conduct of AB, especially in light of the fraud claims received.

A key point for Ms M is that Barclays hasn't provided exactly what evidence it requires. I appreciate this is frustrating for Ms M, but there is no clear prescriptive list in these circumstances. In addition, I think it's important to highlight that although Ms M's parents may have entered into what they thought was a legitimate agreement with AB, the funds that entered Mrs M's account all came from third parties Ms M has never had any contact with or transacted with before. Barclays also received two fraud claims relating to the incoming funds. So although Ms M maintains she and her parents are unaware of the nature of AB's operation, and how it intended to transfer the funds to her in the UK, it is clear that Barclays' concerns aren't unfounded, and Ms M isn't able to prove her entitlement to these specific funds. I understand Ms M's mum has passed money on to AB in the hope the funds would reach Ms M, but the process used doesn't appear to be legitimate or clear – and this is supported by the solicitor letter Ms M has provided, as it confirms AB has used illegal methods to transfer funds to the UK.

In addition, Ms M says AB hasn't provided responses to requests for details or the return of funds. This is supported by the numerous screenshots of messages sent to AB. I sympathise with Ms M and her parents - but this is a separate matter, and not one Barclays needs to consider when assessing Ms M's account and the funds within it. As Ms M is aware, this is a dispute that will need to be taken up separately if she and her parents wish to try and recover the funds transferred to AB.

Barclays' review of Ms M's account led to its ultimate decision to close the account. Barclays is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Barclays should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied Barclays' decision was made fairly.

The terms and conditions of Ms M's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Barclays blocked Ms M's account, so I consider this to be akin to an immediate closure. For Barclays to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Barclays did.

I've thought carefully about Mrs M's comments about Barclays' decision to withhold the funds, as she says she has provided some evidence and explained exactly why she isn't able to provide anything further. The Investigator liaised with Barclays on Mrs M's behalf, and it maintained that it wouldn't be releasing any of the funds. At this stage it isn't clear what Barclays intends to do with the funds – but this isn't an issue that I need to comment on in detail. Barclays will have clear processes and policies in place regarding funds withheld from an account. I consider this to be a regulatory and legal issue for Barclays. And as outlined above, these funds seem to be part of illegal activity carried out by AB, so its decision to retain them is fair.

I'm sorry this isn't the outcome Ms M hoped for, and I know she will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Barclays to take any further action or compensate Ms M.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 8 January 2026.

Chandni Green
Ombudsman