

The complaint

A company, which I will call 'M' complains about the actions and service provided by Barclays Bank UK PLC when it blocked its business account. To put things right, more compensation than Barclays has offered is being requested.

Mr W, who is a director of M, brings the complaint on behalf of M.

What happened

A credit payment into M's account was flagged by Barclays' automated system for further security checks. This resulted in Barclays restricting M's account for one day, whilst its fraud team completed security checks.

Barclays did not uphold M's complaint, explaining that the process was necessary for account security and it had acted in line with the account terms and conditions. It agreed however that there may have been some shortcomings in the service provided and offered £150 compensation for this.

Our investigator agreed Barclays acted in line with its terms and its offer was a fair way to resolve the complaint. Mr W disagreed, mainly saying that the investigator had failed to adequately weigh the severity of the service failures against the resulting professional damage and inconvenience caused to M.

Mr W asked for an ombudsman review, so the complaint came 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.

This includes listening to call recordings provided to me.

I've carried out an independent review and having done so, I've reached the same conclusion as our investigator. I'll explain my reasons.

The main background facts are not in dispute. So I don't need to say more about what happened. I've concentrated on the question of fair redress, which is the main reason Mr W asked for a decision. He feels that £150 doesn't compensate M for lost operational time and the inconvenience caused by the lack of notification. He believes compensation should reflect his time wasted, which is a measurable business cost, not just personal distress.

I can appreciate that when Barclays blocked M's account, this was a very stressful day for Mr W. And I can understand that the time he spent on the matter with Barclays necessarily affected the hours he was able to put in doing M's work. This service can sometimes award a payment in respect of distress and inconvenience to affected individuals. But I cannot award compensation for distress and inconvenience to Mr W in this situation. He's not the account holder - M is the account holder and a legal entity in its own right and it's able to bring this complaint. But a business is not a 'person' capable of suffering distress and inconvenience.

There's more information about this on our website here: <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

So my focus is on whether M suffered any financial loss or other tangible detriment as a result of poor service by Barclays.

The account block

Barclays is required to satisfy legal and regulatory requirements and operate measures to combat fraud and it has a duty of care to protect account holders' money. Barclays' systems have been designed to help keep customers' money safe and prevent fraudulent activity on their accounts. Barclays' automated system flagged a payment-in to M's account for further verification and so M's account was blocked pending satisfactory completion of checks.

Barclays' terms and conditions, which Mr W would've had to agree to in order to be able to use the account, are in its Business Customer Agreement. This refers on page 24 to withdrawal of service when Barclays might otherwise be in breach of its legal or regulatory obligations, which helps explain Barclays' actions here when it suspended processing the transfer to M's account.

And I am satisfied that Barclays didn't act unfairly or unreasonably when it applied the restrictions without giving Mr W prior warning. That wasn't part of Barclays' automatic process and I don't think that's unreasonable. Banks have to balance looking after their customers' interests against operating effective security measures to prevent fraud. Barclays had a legitimate basis for concern after its system triggered security checks, and blocking both the senders account and M's account was the best way to protect the accounts – and the bank. As this affected M for one day only, I don't think the impact on M was disproportionate.

Barclays attempted unsuccessfully to contact the person who had sent the payment as it needed to speak to them. I understand that in the event Mr W made contact with the sender first and this prompted them to get in touch with Barclays, but that doesn't affect my decision. I don't consider Barclays' actions were unfair, or that the onus was on Barclays to do more here, especially as the block wouldn't have prevented other payments being credited to M's account.

Irrespective of the operational impact on M, I don't find that Barclays acted unfairly or unreasonably in connection with blocking and unfreezing M's account. So, despite the business disruption caused to M, Barclays' actions blocking the account don't warrant a compensation payment to M.

The poor service

Barclays still needed to treat M in a fair and reasonable way overall. Barclays admitted that it initially overlooked responding to all the complaint issues Mr W had raised and acknowledged Mr W's complaint about being given conflicting information by different Barclays' agents he'd contacted. But I don't have power to award Mr W compensation in his capacity as M's representative. And I can't see that any poor service issues impacted on M in money terms, especially as the block was applied and removed the same day. So this isn't a reason for me to award compensation.

Mr W feels that £150 is inadequate as a goodwill gesture to address the impact of the disruption, stress, and inconvenience he experienced when access to the money in M's account was unexpectedly blocked. But to uphold this complaint and award more compensation I would need to be able to fairly say that Barclays did something wrong or acted in a way that wasn't fair and reasonable and this resulted in M being worse off financially – and this hasn't happened. It follows that I can't award compensation as Mr W would like me to. Barclays has however said that its offer remains open for acceptance. If Mr W wishes to take up Barclays' goodwill offer on behalf of M, that would be a matter between himself and Barclays (or if Mr W would prefer to tell us we can pass the information on to Barclays).

If I have not referred to everything mentioned during the course of the correspondence, that's because I have nothing useful to add to what the investigator has said already and I've concentrated on what seems to me to be the core issue I need to address when deciding the complaint. I appreciate that my decision will be disappointing for Mr W but I hope that setting things out as I've done explains how I've reached my conclusions.

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 M to accept or reject my decision before 10 March 2026.

Susan Webb
Ombudsman