

complaint

Mr J complains that Barclays Bank UK PLC froze his main account and denied him access to his money. The bank then closed all of his accounts.

background

Mr J banked with Barclays. He set up accounts for his two children and was putting money into each account on a monthly basis. But Barclays froze the accounts without warning. Mr J explained to the bank he'd sold some items and put the money in his personal account before moving it to his business account. Mr J said Barclays wouldn't explain why his accounts had been frozen. And it then asked for proof of funds to show where the deposits had come from.

After Mr J provided the information he was told everything was okay. But Barclays wrote to him in January 2018. After careful consideration it'd decided not to continue as his bankers. So it was closing his four accounts. Barclays said he would have to make alternative banking arrangements.

When Barclays closed his account they also closed his children's accounts. Mr J said he was saving for his daughter's operation. And Barclays' actions have caused a lot of upset and difficulty for Mr J's family. His wife's health has been badly affected. So he's declined its offer of £400. He wants more compensation for the suffering Barclays has caused.

Barclays said safeguards had been placed on Mr J's account on 29 December 2017. And an internal investigation had taken place. Barclays said it'd taken the action in line with the terms of the account. And it'd been unable to provide further information while the safeguards had been in place. Following the review Barclays said it decided to close the account on 11 January 2018. It could appreciate Mr J's concerns. And his funds had now been released. But it felt the decision to close the accounts had been correct. The bank was sorry for the impact this'd had on Mr J and the time it'd taken to review his account. And it'd offered £400 by way of apology.

Mr J wasn't satisfied with Barclays' response. So he contacted our service and our adjudicator looked into the matter. She felt Barclays was entitled to freeze Mr J's account while it undertook an investigation. And it was able to end the business relationship without further explanation. But she agreed the bank had taken too long to conclude its review. So she felt the £400 offered by Barclays was fair.

Mr J didn't agree. He said he wanted £1000 for the poor service he'd received while trying to resolve the problems with Barclays. It'd greatly affected his family. But after considering the bank's offer again Mr J decided he just wanted closure. So he said he would accept the £400 on the condition that any adverse markers were removed from his credit file. Mr J said his credit score had been badly affected and it must be because of Barclays.

Barclays credited Mr J with £400 and confirmed it'd previously removed the report from the fraud prevention agency. But Mr J believes Barclays has spoken to other banks. They've now also closed his accounts. So the complaint has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr J has explained the impact this has had on both him and his family. And I do understand how upsetting this must've been. So I've looked very carefully at everything that's happened. And everything both Mr J and Barclays have said.

Barclays had concerns about how Mr J's account was being used. So it froze the account while it carried out an investigation. I do understand the impact this would've had on Mr J. It happened just after the Christmas period. And it meant Mr J wasn't able to access his funds or provide for his young family.

Barclays said it normally tries to conclude such investigations within ten days. But on this occasion it took a few days longer. And I can see the bank has paid compensation for the delay.

I don't underestimate how upsetting and difficult this must've been for Mr J. His bank account had been frozen. And Barclays said it was carrying out an investigation but it wouldn't explain why.

But Barclays, like any other bank, will act when it has concerns about a customer's account. Something might pose a threat to either the customer or the bank itself. So as distressing as this was I think Barclays was right to freeze Mr J's account while it looked into certain matters. And Barclays doesn't have to explain to the customer why it's taken that action – in some cases that might alert a fraudster to what it's looking for.

Barclays asked Mr J to explain a number of cash deposits into his account. And Mr J was able to show evidence about the source of the funds. Barclays confirmed it was happy with Mr J's response. And it released the funds in the account so that Mr J could access them. But the bank felt it wasn't able to continue the relationship any longer. And it wrote to say it was closing all four of his accounts. Again I can understand how upsetting this must've been for Mr J. But the terms and conditions of the accounts do allow Barclays to close the accounts, without notice or explanation, if it feels it's necessary to do so.

Because Barclays had concerns about the cash deposits being made into the account it reported to CIFAS, the fraud-sharing organisation. But Mr J provided evidence about the source of his cash deposits. And Barclays has confirmed it removed the loadings to CIFAS in May 2018.

Mr J opened bank accounts elsewhere after Barclays withdrew its services. But he's now received letters from another bank saying its closing his account. And he feels Barclays must've lied about the CIFAS report being withdrawn or it's contacted the other banks to tell them about it.

I've checked what's on CIFAS and there's nothing showing in relation to the problems Mr J had with Barclays. So I believe Barclays did remove the loadings in May 2018 as it said it did. And I've not seen anything to suggest Barclays has tried to contact any other banks to 'warn' them about Mr J. That's not the normal course of action. Banks rely on a number of external sources such as fraud and reference agencies rather than discussing customers between themselves.

So while I realise Mr J is experiencing ongoing problems with his banking I can't say Barclays has done anything that might be causing his current problems. As I've said, it removed its loadings to CIFAS over a year ago. And Barclays has confirmed it removed any negative information it may have recorded that would stop Mr J opening an account elsewhere.

Mr J is also unhappy with how Barclays responded when he tried to find out what was happening. And he feels some of the service he received was rude and unhelpful. And I do understand how distressing this must've been for Mr J and his family.

But based on everything I've seen I think Barclays followed its procedures correctly when it suspended and then closed Mr J's accounts. Although it released his funds after the investigation it felt it wasn't able to continue the banking relationship. And I've not seen anything to suggest what Barclays did is now affecting Mr J's relationships with other banks.

I'm not able to consider compensation for the impact this might've had on members of Mr J's family. But I've looked at everything that's happened and listened to everything Mr J has said. I realise he wants Barclays to increase the compensation because he's now struggling to find banking facilities elsewhere. But as I've said I can't see anything linking Barclays' actions to Mr J's current situation.

Barclays paid Mr J £400 compensation for the inconvenience caused when it suspended his account and denied him access to his funds for nearly two weeks. I think that's a fair and reasonable response. It's in line with the sort of award our service would make in the circumstances. And it's confirmed its not reporting anything that might be affecting Mr J's credit file. I hope Mr J is able to resolve his current problems. But I won't be asking the bank to do anything more.

my final decision

My final decision is that Barclays Bank UK PLC should pay Mr J £400 compensation as it has already done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 26 July 2019.

Andrew Mason
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