

## Complaint

Mr A complains that Barclays Bank UK PLC blocked and then closed his accounts. He also says Barclays unfairly placed a Credit Industry Fraud Avoidance System (CIFAS) marker against his name. He wants Barclays to compensate him for the distress and inconvenience this caused.

## Background

Mr A had personal and business accounts with Barclays. This decision will focus on Mr A's complaint regarding his personal accounts. Mr A's complaint about his business accounts will be addressed in a separate decision.

On 23 October 2018, a payment of £5,900 was made into Mr A's current account, which he spent the following day. On 24 October 2018, Barclays were contacted by another bank which said their customer hadn't authorised the payment of £5,900 into Mr A's account and had been the victim of fraud.

Barclays decided to review Mr A's accounts. Whilst it completed its review it placed a block on Mr A's accounts. This meant Mr A wasn't able to use his account. Following its review, Barclays decided to close Mr A's accounts immediately. Barclays also thought Mr A had misused his account, so it applied a CIFAS marker against Mr A's name.

Barclays didn't ask Mr A any questions about the payment of £5,900 before making the decision to close his accounts and apply the CIFAS marker. Mr A complained to the bank and explained that the money was paid into his account after he'd sold a car which he'd advertised. And he said he had no idea that the funds were fraudulent.

Barclays said it hadn't done anything wrong when it reviewed Mr A's accounts and had completed the review within four days. But based on what Mr A had told them about the payment it agreed to remove the marker around 14 November 2018. Barclays said Mr A was buying and selling cars and putting the sales through his personal account. So, he'd breached the terms and conditions by using his personal account for business purposes

Mr A wasn't happy with the bank's response. He said buying and selling cars was just a hobby and wasn't a business. He also said because of the CIFAS marker being applied he was forced to resign as a director of his brother's company and lost out on a dividend payment of £10,000 he was expecting. And said his brothers' business account was also frozen because of the marker and it lost out on more than £20,000 profit. Mr A says he had trouble opening accounts with other banks, which were closed soon after he'd opened them. And overall Barclays actions had a detrimental impact on his mental health.

An investigator looked into Mr A's complaint. She thought Barclays was unfair when it applied the CIFAS marker. And said it hadn't carried out any investigation to make sure the marker was applied correctly. And said Barclays should pay Mr A £250 compensation for the stress and inconvenience the marker caused him. Barclays agreed. Mr A didn't. He said £250 doesn't reflect the amount of stress and inconvenience he's suffered. He wants £8,000, for the trouble and upset he's been caused. And £10,000 for the financial loss of missing out on a payment he says he was due from his brother's business.

## **My findings**

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

### *Account block and closure*

I'll deal first of all with Barclays' decision to restrict Mr A's access to his accounts. All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Banks are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to review and sometimes block customers' accounts.

Barclays blocked Mr A's access to his accounts while it investigated the concerns expressed to it by the other bank. Having looked at all the available information I don't believe it was unreasonable in the circumstances for Barclays to have acted in the way it did. Barclays explained that this was its standard procedure and it's in line with what most banks would do in the same situation. And it enabled Barclays to consider how best react to the report it had received. So, I can't say it has done anything wrong. The terms and conditions of Mr A's accounts also permit Barclays' to review an account.

Mr A has said Barclays took too long to complete its review. Barclays started its review on 24 October 2018. I can see that following this, Mr A contacted the bank and let them know that the block was causing his mental health to suffer. From looking at Barclays complaint notes, I can see Barclays reacted positively to what Mr A told them about how he was being affected and sped things up. It completed its review on 31 October 2018, which was quicker than the usual 10 days banks usually take to complete a review. So, I'm satisfied that the bank completed the review of Mr A's accounts in a timely manner.

I then turn to Barclays decision to close Mr A's accounts. As the investigator explained, it's generally for banks to decide whether or not they want to provide, or to continue to provide banking facilities to a customer. Unless there is a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

Banks should however, give reasonable notice before closing an account. Usually, that means 60 days, but it can be less – depending on the circumstances. In this case, Barclays closed Mr A's account immediately. In view that was reasonable given the concerns about how Mr A was operating his account. I say this because from the evidence I've seen Mr A was using his personal account for business purposes.

I can see that on 14 November 2018, Barclays told Mr A that it thought Mr A was using his account for business purposes because he was buying and selling cars through it. And that this was a breach of its terms and conditions. I note that Mr A told this service he considers this activity a 'hobby' and that cars are a long-standing passion of his. He explained to the investigator that he's traded in cars over the years and used to have a business account set up for this purpose. He told the investigator he wasn't running a car sales business and pointed out that he doesn't make much profit from selling cars. So, he says he didn't need a business account and believes Barclays treated him unfairly when they closed his accounts without notice.

The terms and conditions of Mr A's account set out that Barclays can close an account without notice if *'we find out that you are not eligible for it (for example, if you are using it for business purposes). We'll try to tell you in advance if this happens, but if we were breaking any rules or laws by continuing to offer you the account or service, we would have to close or stop it immediately.'*

I've looked at Mr A's account statements and I can see that it appears he has been trading in cars from at least April 2018. The statements have car registration numbers and the makes of cars as references next to payments into the account. I can see that Mr A appears to have sold at least 9 cars between April and October 2018. I've also kept in mind that on 29 October 2018, when Mr A spoke to Barclays about the block to his account he told the bank *'I also buy and sell cars, I now can't take payment from people...I have lost 3 sales so far, this will effect my cash flow for months to come.'* So, when I weigh everything up, I'm satisfied that Mr A was using his personal account for business purposes. And I can't say Barclays acted unfairly when it decided to close Mr A's accounts.

#### *CIFAS marker*

Barclays says it applied the CIFAS marker because it received a report from another bank said their customer didn't authorise the payment made to her account. So, I've looked at whether Barclays were fair to apply the marker, based on the evidence it had, the investigation it carried out. And what the rules say about applying such markers.

CIFAS principles say that members (such as Barclays) should only record information of the type recorded against Mr A's name if there are reasonable grounds to believe that a financial crime has been committed and that the evidence is such that the matter could be reported to the police. CIFAS guidance also says the business must have carried out checks of sufficient depth to meet the burden of proof set by CIFAS. I haven't seen any evidence that Barclays contacted Mr A at the time and asked him for information about the payment of £5,900 made to his account. From looking at the evidence Barclays didn't question Mr A until 14 November 2018, which was *after* it had applied the marker. And chose to rely solely on the report from the other bank to apply the marker.

Based on the evidence, I think if Barclays had spoken to Mr A *before* applying the marker, it's likely they would've been able to obtain more information about the payment. And Mr A would've had the opportunity to explain that the payment was for the sale of a car he'd made recently, which was supported from the activity shown on his account and correspondence he had with the buyer. Mr A would've also been able to show that he had no reason to suspect the money used to buy the car he sold was fraudulent. So, in my view, there was insufficient evidence to report the matter to the police and cause to register the marker. And I agree with the investigator that it was unfair of Barclays to apply the marker.

I'm pleased to see that after speaking to Mr A, Barclays removed the marker. But due to the time that has now passed the bank can't say when this was done. Mr A also can't provide any information about when this is likely to have occurred. However, Mr A has provided evidence of other banks closing accounts he'd opened between 6 and 9 November 2018, and that he managed to open an account in January 2019. I've also kept in mind that it normally takes between 4 and 8 weeks for a marker to be removed. So, I think it's likely that the CIFAS marker had been removed by at the latest January 2019.

Mr A has written comprehensively about the impact of the CIFAS marker being recorded. I also note what Mr A says about how inconvenient and time consuming it's been to sort this matter out. Mr A has provided evidence to show that after making at least four account applications the bank accounts were closed. I've noted that one of the banks Mr A tried to open an account with, let him know about the CIFAS marker and the how long it takes to be removed. It's standard procedure for banks to carry out checks following an application, which includes checks with credit reference agencies. So, I think it's likely that the trouble Mr A experienced trying to open other bank accounts was because of the CIFAS marker Barclays recorded against him.

Mr A has told the investigator that the marker being applied impacted his mental health. Mr A hasn't provided any medical evidence to support what he's said. I've already said that Barclay reacted positively to how the review was impacting Mr A. I can also see that they provided Mr A with contact details of mental health support services at the time. So, I accept Mr A was caused distress by what happened. But I note this happened whilst Mr A's accounts were blocked, which the bank was entitled to do. So, whilst I appreciate what Mr A has said about his mental health, I think it's more likely than not, it was the block of his accounts, which impacted his mental health. And not the CIFAS marker being applied.

I then turn to what Mr A says about his financial losses. He's explained that prior to the marker being applied he was a director of his brother's company. And was due to receive a dividend bonus of £10,000. Mr A says due to the marker he had to resign from the company so he's now out of pocket. And all his hard work over the years for the company have now gone to waste. Mr A has also said that his brother's company accounts were frozen due to the marker against him which caused the company losses in excess of £20,000. But I can't make an award for the impact had on a third party as part of this complaint. I've also not seen any compelling evidence that Mr A lost out on £10,000, such as dividend's he'd received in previous years, or evidence that Mr A's brother's company was financially in a position to be able to pay Mr A any amount.

From what Mr A has said I don't doubt that the marker recorded by Barclays has impacted on him greatly. So, I think Barclays should pay him some compensation because they didn't carry out sufficient checks before applying the CIFAS marker. When I consider the impact, the marker had on Mr A, I think £250 compensation is fair and reasonable in his individual case.

### **My final decision**

For the reasons I've explained, I uphold this complaint. I require Barclays Bank UK PLC to pay Mr A £250 for the distress and inconvenience caused by applying the CIFAS marker against Mr A's name.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 May 2020.

Sharon Kerrison  
**Ombudsman**