

## **complaint**

Mr O complains that Barclays Bank UK plc closed his account, retained his money and placed a fraud marker against his name.

## **background**

In April 2018 Mr O's account with Barclays received a credit of £2,500; it carried the reference "Rent". Mr O withdrew £1,900 of the money.

Barclays later received notification that the money had been obtained fraudulently and paid into Mr O's account. It then closed Mr O's account, retained the money still in it and recorded his details with CIFAS, the UK's fraud alert service.

Mr O said that the money had been a rental payment from an overseas tenant of his, Mr M. He provided copies of Mr M's bank statement, showing the payment, as well as an earlier statement showing a similar payment made in December 2017.

Barclays maintained however that Mr O had been the beneficiary of fraudulent funds; it wouldn't therefore change its position. Mr O referred the matter to this service, and one of our investigators considered it.

Our investigator didn't think that Barclays had treated Mr O fairly. He accepted that the payment had been genuine – in the sense that Mr M owed Mr O rent. If, as was alleged, Mr M had obtained funds illegally and transferred them to Mr O, that wasn't enough for Barclays to record a CIFAS marker against his (Mr O's) name. The investigator recommended that Barclays arrange for the removal of the CIFAS marker and that Barclays pay Mr O the balance on the account at the time of closure, together with a further £250 in recognition of the inconvenience he'd been put to and the distress he'd suffered.

Barclays agreed to arrange for the removal of the CIFAS marker, which it appears it has now done. But it didn't agree that it should refund the money taken from Mr O's account on closure. It said that the money was, in effect, stolen and that it should therefore be returned to the victim of the initial fraud. It asked that an ombudsman review the complaint.

As Barclays had agreed to remove the CIFAS marker, I didn't need to comment on that aspect of Mr O's complaint. And Mr O had no issue with the account closure, so I made no comment on that either. The issue for me to consider was whether the bank should have returned to Mr O the money that was in his account.

I accepted that fraudulent funds had probably been received by Mr M and then transferred to Mr O. I didn't think however that it made any difference to the outcome of the complaint whether Mr O had been aware of that; it wouldn't be fair for him to have the benefit of "second generation" fraudulent funds. If Mr M had transferred fraudulent funds to Mr O – rather than paying his rent – that was a matter for Mr O to take up with Mr M.

Neither Barclays nor Mr O had anything to add in response to my provisional 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.

Since neither the bank nor Mr O had anything to add in response to my provisional decision, I've found no reason to reach any different conclusion. I remain of the view that it wouldn't be fair to allow Mr O to have the benefit of the fraudulent funds.

**my final decision**

My final decision is that I don't require Barclays Bank UK plc to take any further steps to resolve Mr O's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 April 2020.

Michael Ingram  
**ombudsman**