

## **complaint**

Mr O complains that Barclays Bank UK PLC applied a marker at CIFAS, the national fraud database, and made mistakes in dealing with his account after it was restricted and closed.

## **background**

Mr O was told that funds of £2,650 paid into his account by his tenants up to October 2018 had been reported as fraudulent. Mr O's account was restricted on 10 October 2018 and then closed by Barclays. A fraud marker was applied at CIFAS which Barclays later accepted shouldn't have happened. Mr O was given conflicting guidance about what to do to get access to his money. He only received the money on 22 November 2018 and this caused him difficulty with his financial commitments. He considers that Barclays' actions led to a breakdown in his relationship with his tenants and then rent arrears. Barclays paid him a total of £600 in compensation for poor service.

Our investigator didn't recommend that it do anything more. She said that she recognised that a fraud marker like this could have had an impact on Mr O's job especially as he needed to tell his employers what was happening. But she didn't think that Barclays' actions were responsible for a breakdown in his relationship with his tenants. Mr O had conflicting information about what he needed to do to get the money back. But Barclays' later request that he contact his tenants and ask them to speak to their bank to explain that the payments were genuine was reasonable. She thought that the compensation already paid was fair

Mr O didn't agree and wanted his complaint to be reviewed. He'd already said he wanted further compensation for the loss of rental income of £3,325 and compensation for his emotional distress of £1,675.

## **my findings**

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

I asked Barclays to explain to me a bit more about the basis for its compensation and why it thought this was appropriate. And more about how the fraudulent funds were dealt with and why it had closed Mr O's account.

It told me that it paid him £100 compensation on 26 October 2018 for the poor service he'd received in branch when he'd wanted to take out money after his account had been restricted. On 30 October 2018 it paid him a further £300 for the error in applying the markers, the incorrect information about how to go about accessing the money and for closing his previous complaint in error. And finally a further £200 on 23 November 2018 for the length of time it had held the money, any lost interest and the service given by its fraud team. It said that as Mr O had received money into his account that had been reported to the sender's bank as originally fraudulently obtained it had grounds for concern about his relationship with the sender. And so it took the view in line with its terms and conditions that it no longer wanted to offer him an account. But it recognised that it couldn't substantiate that Mr O was involved in any fraud and accepted that the marker was applied in error.

I've also listened to a recording of the call with Barclays during which Mr O discovered the marker had been applied. And he explained how long he'd spent in a branch waiting to get access to his money. He was at that time told by staff that he'd need to send proof he was

entitled to the money. But during the call that instead he'd need to ask his tenants to contact their own bank. He was offered compensation for all this and he asked for the increased amount of £300 which was agreed.

*my assessment*

Barclays has provided evidence to show that the funds that eventually ended up in Mr O's account from his tenants were reported as being fraudulently obtained in the first place. So I think it's shown it had grounds to investigate this and not release the money until Mr O could show that the money had been paid as part of a genuine tenancy agreement.

It's accepted that it made errors and provided poor customer service in dealing with this. It was difficult for Mr O to get access to his other funds for his living expenses. A member of staff told him in a first final response letter of 26 October 2018 that "*I can confirm that there [is] no external detrimental information loaded against you by Barclays*". He found as set out above that this wasn't correct and that there was a marker at CIFAS. He'd already contacted his tenants for information about the payments and had evidence about this but was then told that he needed to ask them to contact their own bank.

I'm afraid that I don't think I've a basis to hold Barclays responsible for the breakdown in the relationship Mr O describes with his tenants. It was in my view reasonable they be asked to help support the payments they'd made to Mr O as genuine given the reports about these funds. He'd already naturally been in contact with them. And I also can't say that Barclays shouldn't have restricted his account and then couldn't tell him it no longer wanted to provide banking facilities to him given the reports it had received and its documented concerns.

But Barclays didn't in my view have any basis to record a marker at CIFAS. In line with guidance to its members by CIFAS it needed to have more than a suspicion or concern to do so. It had to show it had reasonable grounds to believe that a fraud or financial crime had been committed or attempted and that the evidence would support this being reported to the authorities. I can't see there was sufficient evidence to show that it had met this high bar and that Mr O had any prior knowledge about the original source of money.

Mr O was already alert to the potential consequences such a marker might have given the specific nature of his employment. He'd asked the first complaint handler at Barclays about this and had mentioned this again to the second. His actions led to this error being discovered relatively quickly and then corrected. He was in a position to be able to explain what happened to his employer although clearly that's something he shouldn't have needed to do.

Mr O has also been caused inconvenience by being given incorrect information about what he needed to do to get access to the money and which contributed to the delay. It seems that Barclays branch, fraud and customer relations staff had a different interpretation. It was some time before Barclays accepted he could have this money. In the meantime this caused him difficulty with his mortgage payment.

I need to think about the level of compensation for the errors here. For the reasons I've given I won't be taking into account the further problems with the tenants. And I note as I said from the call I've listened to that Mr O did accept compensation for the error with the marker. He is of course entitled to reflect on that later and ask me to look at it too and all of the circumstances. Having done so I'm not persuaded that the amount already paid in total to

cover this and all the parts of his complaint isn't adequate. And so I won't be asking Barclays to do anything further.

**my final decision**

My decision is that I do not uphold this complaint in the sense that Barclays Bank UK PLC does not need to do anything more than it has already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 13 April 2020.

Michael Crewe  
**ombudsman**