

complaint

Mr S has complained Barclays Bank UK PLC closed his account without notice and placed a fraud-related marker against his record.

background

Mr S held a personal and a business account – in the name of a limited company of which he is a director – with Barclays. I'll refer to the company as F. Mr S decided to raise some funds for the business by trading bitcoins.

On 30 July 2018, six payments for large sums were paid into Mr S's personal account. These were for: £5,750, £8,000, £2,500, £1,000, £1,400 and £2,200. £5,750 was paid to a bitcoin trading company and other funds were transferred to the joint account Mr S held with his wife. This account is held with another bank.

At practically the same time Barclays were notified by the sending bank that Mr S was in receipt of fraudulent funds. This caused Barclays to carry out a review of Mr S's accounts. Mr S provided Barclays with evidence to show the validity of his bitcoin trading. Barclays remained concerned about the nature of this. They felt Mr S had received fraudulent funds even if he'd carried out checks on the people he was trading with.

On 5 August Barclays gave him notice of their intention to immediately close his personal account. They believed they could do this under section 11 of the account terms and conditions. Blocks on F's account were removed for the other two account-users on 8 and 10 August. Barclays also placed a marker against Mr S on the industry fraud database, CIFAS.

Mr S complained to Barclays. They didn't accept they'd done anything wrong. Mr S brought his complaint to the ombudsman service.

Our investigator reviewed the evidence. He discussed issues with Barclays resulting in their agreement to remove the CIFAS marker from Mr S's record. This was done in September 2019. He also made it clear to Mr S we couldn't look at the impact on the business as this should be the subject of a separate complaint. But he did agree there had been an impact on Mr S and asked Barclays to pay him £300 in compensation.

Barclays agreed with this outcome but Mr S didn't.

He felt this had had a major impact on him as he'd been extremely worried about F and its ability to continue trading. He also believed the lack of access to business funds had an impact on his own ability to earn a living. He provided us with detailed figures about F's cash flow and trading.

Mr S has asked an ombudsman to consider his complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusion as our investigator. I'll explain why.

I've already been in touch with Mr S to explain some of the issues I refer to below.

I'm aware that I've summarised this complaint in far less detail than we've seen from both parties. And I've done so using my own words. I'm not going to respond to every single point made by Mr S. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I have also explained to Mr S we can only look at the personal account which Barclays closed. It was the review Barclays carried out which led to the CIFAS marker being placed against his record and the temporary blocks placed on access to F's account.

I'm only able to look at the impact on Mr S as an individual and not as a director of F. That's what my decision will cover. Much of the evidence Mr S submitted was about the impact on the business, and on Mr S as a director of that business. Although I've reviewed this, I won't be referring to it in my decision.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

As I've stated above I don't plan to repeat all the detail of this complaint. In any case our investigator laid this out in his view of 3 October 2019. I can reassure both Mr S and Barclays that I've carefully reviewed all the detailed evidence on our file.

Firstly banks are obliged to carry out a review if they believe there's any suspicious activity on an account. After being notified by another bank of potential fraudulent activity, I can see why Barclays carried out a review. I've seen nothing to suggest Barclays didn't do what they should have done in undertaking this review.

The commitment in their terms and conditions is this can take up to 10 working days to complete. From the evidence I've seen, Barclays met this timescale in Mr S's case.

Barclays decided to close Mr S's account following the review. They believed they could do this immediately. I know Mr S believes Barclays' concern was all to do with him trading in bitcoins but I don't believe it was simply that. From what Barclays could see, even though Mr S had submitted evidence to show his trading was genuine, someone had paid funds to him that weren't theirs to pay. As soon as Mr S had received the money, he'd transferred the funds to his joint account. Mr S may not have known the money didn't come from the person he was trading bitcoins with but he promptly put the money out of Barclays' reach.

Taking all this into consideration I don't believe Barclays did anything wrong in closing Mr S's account.

At the same time Barclays recorded a CIFAS marker against Mr S. The bar for recording a CIFAS marker is a high one. The bank must have a good reason to believe it could have

suffered a loss and/or it reasonably believes it has grounds to press criminal charges as a result of the activity on the account. This should be more than just a suspicion or concern.

After our investigator's involvement, Barclays agreed to remove the CIFAS marker. I believe that was the right action to take. There's nothing to show Barclays suffered any financial loss.

I've then gone on to look at the impact of this on Mr S.

Mr S held a joint account with his wife. That has remained operational. He may well have had difficulty in opening a new personal account but the focus of Mr S's complaint has not been on that aspect. He's been concerned about his ability to earn as he was blocked from using F's account. One of the other account-users had access to F's account pretty quickly after Barclays had initially blocked the account so I don't agree this had a long-term impact on Mr S. All issues arising from the viability of F – including Mr S's own earnings as a director – can only be dealt with in any complaint brought by F. Mr S knows this as I've confirmed this to him.

Like our investigator, I believe it's fair and reasonable Barclays pay Mr S £300 for the inconvenience caused in having a CIFAS marker registered.

Knowing the strength of Mr S's feeling about this issue, I appreciate he's unlikely to agree with this outcome.

my final decision

For the reasons I've given, my final decision is to instruct Barclays Bank UK PLC to pay Mr S £300 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 July 2020.

Sandra Quinn
ombudsman