

complaint

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

background

In May 2018, Barclays carried out a review on Mr C's account. After getting additional verification from him, his use continued as before. This was until December that year when Barclays carried out a further review.

On 7 January 2019 Barclays gave Mr C notice of their intention to immediately close his account. They believed they could do this under section 11 of the account terms and conditions. They also placed a marker against Mr C on the industry fraud database, CIFAS.

Mr C complained to Barclays. They accepted the CIFAS marker was incorrect and removed it three days after it had been lodged. Mr C had provided evidence of where funds paid into his account had come from and why. Mr C remained unhappy with what had happened. He'd not been able to access his account; pay his credit card bill or get the money that was his. It also took some time for Barclays to share his statements with him. This meant he was unable to get his tax return completed in time for the deadline on 31 January 2019. Barclays apologised for their service and offered him £300 in compensation. Mr C didn't think this was enough and brought his complaint to the ombudsman service.

Our investigator reviewed the evidence. She noted Barclays' review had taken longer than it should have. Overall she agreed Barclays could close Mr C's account and believed the compensation was fair and reasonable.

Mr C didn't agree with this outcome. He'd felt this had had a major impact on him as he'd not known when he could get another account. He'd also had to delay setting up a limited company and ended up paying fines to HMRC for the late submission of his tax return.

He's 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 a slightly different conclusion to our investigator. In the meantime I've been in touch with both Mr C and Barclays to explain why.

The facts of this complaint are not massively in dispute so I don't plan to repeat all the detail. In any case our investigator laid this out in her view of 13 December 2019. However I have carefully reviewed all the evidence provided by both Barclays and Mr C in his emails.

Firstly banks are obliged to carry out a review if they believe there's any suspicious activity on an account. That's what happened here. 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. Unfortunately this took longer in Mr C's case. I suspect this is not unrelated to the time of year: the review started on 13 December 2018 and wasn't completed until 4 January

2019. Barclays admitted this took longer than it should and this was part of their reasoning for offering Mr C compensation. Mr C says the review took 50 days. I don't believe this is the case.

Barclays decided to close Mr C's account following the review. They believed they could do this immediately. However I've not really seen any reasoning – as outlined in Barclays' terms and conditions under section 11 – which show they had cause to close Mr C's account immediately. They wrote to Mr C on 7 January 2019 and he received this letter on 11 January.

But it does seem that at the least – and Mr C confirmed this – he was using his personal account for business purposes. So that fact, coupled with Barclays being advised of potential fraudulent funds being credited to his account, means Barclays can make the decision to stop offering account services. However I believe they should have given Mr C two months' notice under their terms and conditions.

I appreciate Mr C's concerns about the impact of the CIFAS marker. However the evidence shows this was only on his record for three days before Barclays removed it on 11 January 2019. Mr C has told us he wasn't aware of this until he got confirmation from CIFAS in a letter dated 22 January.

I can see Barclays wrote Mr C a number of letters on 7 and 8 January and 18 February 2019. I know he received the first one but I can't explain how he didn't receive the latter.

Barclays offered Mr C £300 in compensation. I've confirmed to both Mr C and Barclays I'm intending to increase this to £500 because of the lack of proper notice to close Mr C's account. This takes into account Mr C's concerns about the CIFAS marker being lodged at all; not being able to access his account and Barclays providing statements later than he'd wanted.

I've noted the comments Mr C has made in emails to us about the inconvenience this caused. This limited his ability to have his tax return completed. Mr C's tax return could have been completed at any time in the previous nine months so I don't think it's Barclays' fault that Mr C was planning on having this done in January.

I know Mr C thinks I'm being critical of his financial planning. I'm really not but this is a choice he makes – to have his tax return completed close to the deadline. This will inevitably leave little room for manoeuvre if something goes wrong as it did in early 2019.

Barclays accepted my suggestion that £500 was fair and reasonable compensation. Mr C didn't think this was enough. But having reconsidered all the circumstances of his complaint, I still think it's fair and reasonable.

my final decision

For the reasons I've given, my final decision is to instruct Barclays Bank UK PLC to pay Mr C £500 in compensation for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 June 2020.

Sandra Quinn
ombudsman