

The complaint

Mr D complains that Barclays Bank UK PLC blocked his account and forced him to make an unnecessary journey from abroad to visit a branch to get his account unblocked.

What happened

In August 2023 Mr D, who lives abroad, received a letter from Barclays advising him that, as he did not have an address in the UK, it could no longer maintain an account for him and the account would close. It invited him to transfer the money in the account elsewhere. Mr D attempted to make a transfer of a substantial sum but the transaction was blocked by Barclays' automated fraud procedure. He spoke to Barclays over the telephone but it was not satisfied that the payment could be made and advised Mr D to attend one of its branches and produce the necessary ID.

Mr D paid for a flight back to the UK and visited a branch. He made a payment from his account whilst in the branch but it was then blocked again by the automated procedure. He then made a further attempt to transfer the money but again the payment was blocked.

Eventually Mr D received a new debit card from Barclays, his account was unblocked and he was able to make the necessary payments out of his account.

On referral to the Financial Ombudsman Service, Barclays advised that Mr D's account was blocked following a phone call with him when it was unable to verify his identity. It accepts however that it did not take adequate notice of the fact that he was overseas when asking him to come into a branch. It said that his payments were blocked as its automated procedure identified a fraud risk, and it could not unblock them because it was unable to get in touch with Mr D on the number provided.

Our investigator said that Barclays had acted unfairly, and that it should pay compensation of £150 and refund the cost of Mr D's flight ticket. Barclays agreed to this in principle.

Mr D did not agree and said the proposed compensation did not reflect the enormous amount of disruption it had caused to his life. He provided evidence of the cost of his flight ticket. He said that he had stayed with family when in the UK, and proposed a cost of £150 per night for five nights based on average B&B costs.

The matter was referred to me for an Ombudsman's consideration. I advised Barclays that I proposed to add interest to the refunded flight ticket cost. I also advised Mr D that I didn't propose to award compensation for any nominal accommodation costs as he did not incur those costs.

What I've decided – and why

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

First of all, I'm satisfied that Barclays was entitled under its terms and conditions and banking regulations, to notify Mr D that it was closing his account. This was because he did not have a permanent address in the UK.

I'm also satisfied that Barclays was able to block the payments Mr D attempted to make from his account. This was because its automated procedure flagged the payments as being a fraud risk. I'm further satisfied that after Mr D called Barclays it was entitled to decide it needed further verification before unblocking the account. However I do think it was unreasonable of it to expect Mr D to come to the UK in order to get the account unblocked. I understand that Barclays accepts this, and that it should have made other arrangements to ensure the account was unblocked.

When Mr D did attend the branch in the UK, his payments were subsequently blocked. This was unfortunate, but the staff in the bank would not have been able to clear the payments in advance or prevented them from going through the fraud process. It was also unfortunate that Barclays' fraud team was unable to contact Mr D about these payments on the number it had for him. Mr D says that he did contact the Barclays after the first payment was blocked. And there is a note on Barclays file of this call noting that the payments were genuine and telling Mr D to attempt a further payment. Unfortunately again this was blocked and the fraud team attempted to contact Mr D but were unable to get a response, so the payment was cancelled.

I think Mr D and Barclays were at cross purposes. Barclays' automated process kept blocking his payments and, as the fraud team were unable to contact Mr D, the payments were cancelled.

I understand that Mr D has now been able to make all necessary payments from his account. So I have to decide what compensation it will be fair to be paid to him. I can't hold Barclays responsible for blocking Mr D's account, this was the result of its automated procedure and it could not prevent that taking place. However Mr D should not have had to come to the UK and I appreciate that it caused him some inconvenience. and I also think Barclays could have done more after speaking to Mr D to ensure that it would have been able to contact him after he attempted the payments again. But I think that the payment of £150 compensation proposed is reasonable and is in line with awards we have made in similar cases.

On the question of the flight ticket, Mr D has now provided us with information showing that the cost to him was a total of £322.54. I've advised Barclays of this and it has agreed that the cost is reasonable. It should therefore pay this with interest from the date Mr D paid for the ticket until the date of reimbursement.

On the question of accommodation, as I've advised Mr D, I can award compensation for any actual losses. However Mr D has not incurred accommodation expenses and it wouldn't be appropriate for me to award compensation on the basis of what he might have incurred (but did not). I understand he disagrees, nevertheless this reflects our approach.

Putting things right

I understand that Mr D would prefer to have payment in euros, and Barclays is amenable to this. I think the fairest rate to apply for conversion is the latest available Bank of England daily spot rate. This calculates that €1.00 equals £0.8509.

Based on that calculation, Barclays should pay to Mr D the euro equivalent of £322.54, which is €379.06 together with simple interest* at 8% per year from the date he made this payment until the date it reimburses him.

Barclays should also pay Mr D the euro equivalent of £150 compensation, which is €176.29.

*HM Revenue & Customs may require Barclays to deduct tax from any award of interest. It must give Mr D a certificate showing how much tax has been taken off if he asks for one.

My final decision

I uphold the complaint and require Barclays Bank UK PLC to provide the redress set out under “Putting things right” above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 8 April 2024.

Ray Lawley
Ombudsman