

The complaint

Mr C complains that Barclays Bank UK PLC blocked his account. Mr C's account showed that he was overdrawn by half a million pounds. He says this caused him unnecessary stress and worry for which he wants compensation.

What happened

Mr C had an account with Barclays. On 16 December 2023, Barclays applied blocks to his account and reviewed how Mr C was operating it. Whilst it did this Barclays removed the funds from the account, which at the time was just over seventy pounds, and made Mr C's account appear that it was £500,000 overdrawn.

Mr C discovered that he was unable to use his account when he tried to log on to his internet banking to pay his credit card balance. Fearing he'd been the victim of identity fraud, when he saw the overdrawn balance, he contacted Barclays to try and find out what was happening with his account. And where his money had gone.

Barclays told Mr C that it had placed his account under review in order to comply with its legal and regulatory obligations. But the bank wouldn't give Mr C much information. Barclays apologised for any shock or inconvenience its actions had caused him.

Mr C wasn't happy with Barclays response and complained. He said Barclays had acted completely irresponsibly by placing his account so far overdrawn. He said this had dramatically impacted his mental health, especially over Christmas, which is a financially trying period. And that Barclays never told him it wasn't an actual debt and was simply a marker on his account. Mr C said Barclays didn't provide him with any sort of explanation for putting the overdrawn marker on his account until late December 2023, when he returned home from spending Christmas with his parents. So, he says he unnecessarily suffered stress and upset.

Barclays completed its review on 18 December 2023 and removed the block. Following this Barclays decided to close Mr C's account. Barclays called Mr C on 18 December 2023 and told him that he could collect his account balance by attending a branch with identification. During the call, Barclays also explained that the overdrawn marker had been placed on the Mr C's account whilst it was under review and wasn't an actual debt Mr C owed.

On 20 December 2023, Barclays responded to Mr C's complaint. It apologised for any stress and inconvenience the block and marker had caused him. The letter explained again that the marker had been applied whilst the bank reviewed Mr C's account and that there was no actual debt. Barclays said it hadn't done anything wrong and had blocked Mr C's account to comply with its legal and regulatory obligations.

Unhappy with this response, Mr C asked us to investigate his complaint. He said the marker on his account had caused him a great deal of stress and worry. He said that Barclays should have explained to him sooner than it did, that his account had been placed overdrawn due to its review. He said he had no issue with the bank reviewing his account,

but he wants £1,000 compensation for the stress and worry of having his account being placed overdrawn by half a million pounds. He said he didn't know he wasn't liable for this debt until he returned home after his Christmas break to visit his parents.

One of our investigators reviewed Mr C's complaint. After reviewing everything, the investigator initially said that Barclays should have explained the marker to Mr C sooner than it did. So, he said Barclays should pay Mr C £100 compensation for the upset the marker had caused him. Mr C agreed. Barclays didn't and provided more evidence that it had explained things to Mr C much earlier than Mr C had said.

The investigator reviewed the added information and said whilst he appreciated Barclays actions had caused Mr C trouble and upset, he thought Barclays had told Mr C in a reasonable amount of time what was going on. So, he didn't uphold Mr C's complaint. Mr C disagreed. He said Barclays didn't explain anything to him on 18 December 2023. And if it did, he didn't understand what he was told, so he continued to be stressed over the Christmas period. Mr C said he was disappointed that letting someone think they have £500,000 stolen from them for even an hour isn't worthy of compensation.

As no agreement could be reached the matter has come to me to decide.

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.

I want to make it clear that I understand why what happened concerned Mr C. I've no doubt it would've come as quite a shock to him, and that he would've been very worried to find out he couldn't access his funds and that his account had appeared so overdrawn. But Barclays has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

Having reviewed all the evidence I'm satisfied that Barclays were acting in line with its legal and regulatory obligations when it restricted Mr C's account. I appreciate that Mr C wants to know more about why Barclays did what it did. But Barclays isn't obliged to tell Mr C why it reviewed his account, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

Looking at the terms of the account they permit Barclays to restrict access to accounts. So, although I understand not having access to his account caused Mr C trouble and upset it wouldn't be appropriate for me to award Mr C compensation since I don't believe Barclays acted inappropriately in taking the actions that it did when it blocked Mr C's account. Whilst Barclays are entitled to restrict a customer's account, I'd expect them to do so in timely manner. Mr C's account was blocked on 16 December 2023 and the review was completed two days later on 18 December 2023. Given everything I've seen I can't say there were any undue delays.

The crux of Mr C's complaint is that Barclays didn't tell him that his account was falsely overdrawn. Barclays has explained that the reason Mr C's current account appeared to be £500,000 overdrawn was because of the measures it put in place to prevent Mr C from using the account whilst it completed its review. This involves Barclays placing a marker on Mr C's account which then showed it to be half a million pounds overdrawn.

I've thought about the impact this had on Mr C. Mr C says he was shocked and thought he'd been the victim of fraud. He's said his mental health was dramatically impacted and he was stressed throughout Christmas. So, he says Barclays should pay him compensation of around £1,000.

I accept that upon discovering you may be liable for half a million pounds would be incredibly distressing and would cause significant alarm. But it's clear to me from the evidence I've reviewed, in particular the phone calls Mr C had with Barclays on 16 and 18 December 2023, that Mr C was well aware his account was under review.

During the call on 16 December 2023, the advisor told Mr C that his account was being reviewed. But said he couldn't give Mr C much information due to the bank complying with its legal and regulatory obligations. I note that during the call Mr C commented that he was a 'little concerned', and that 'obviously it is some kind of crazy mistake. I haven't spent half a million pounds,' which suggests to me that Mr C more likely than not, believed that there was a reasonable explanation rather than he'd fallen victim to fraud.

On 18 December 2023, Barclays told Mr C that his account wasn't actually overdrawn. And that the marker was a tool used as part of its review process. Mr C has said that even if Barclays had told him he didn't understand Barclays explanation, so he continued to be stressed over Christmas. Having listened to the call, I'm satisfied that Mr C more likely than not understood what he was told. I say this because Mr C didn't question what he was being told. So, from 18 December 2023, I think Mr C knew he didn't owe Barclays half a million pounds.

Barclays also sent M C its final response letter on 20 December 2023. This clearly explained Barclays had carried out a review of Mr C's account and that the overdrawn balance was a marker applied during the review. So, I think Mr C was made aware within a reasonable timeframe – within 48 hours - that his account wasn't actually overdrawn.

From looking at all the evidence, I can also see that Barclays has apologised on more than one occasion for any shock or upset Mr C was caused by the marker. I think this is a reasonable way to resolve Mr C's complaint. So, whilst I appreciate Mr C may disagree, I'm not persuaded to award further compensation for this.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 September 2024.

Sharon Kerrison
Ombudsman