

## **The complaint**

H, a business partnership, complains that Barclays Bank UK PLC wrongly restricted its accounts and cancelled all regular payments.

## **What happened**

H explains that it told Barclays several times that it intended to continue to operate after the death of one of the partners. But that its accounts were still restricted. This meant that it couldn't make regular payments and had to make arrangements to continue its business. H says that this involved reputational damage and significant disruption.

Barclays said that it accepted it had made a mistake. And that the accounts shouldn't have been restricted. It said that it had refunded fees of £150 for CHAPS payments that had to be made in branch as H couldn't access its accounts online. And it had increased its offer of compensation from an original £300, to £400 and now to £750 after the complaint had been referred to this service. It apologised for the error and said that it wouldn't be awarding compensation for any loss of fee earnings for H when it was resolving things. The compensation from Barclays did cover issues that H had with changes to its clients account and the ability to deposit money through a third party. Barclays said that its process could have been clearer.

Our investigator noted that H had specifically referred the issues with the account restriction to this service and so had investigated those. She didn't recommend that Barclays do anything further than it had now offered to. She said that there had been multiple missed opportunities to update the account and mandate and she recognised the inconvenience to H. She understood that the account restrictions were from 9 August 2023 until 14 August 2023 and so covered four working days. She hadn't seen evidence of reputational damage. She noted that H had needed to deal with the issues including reinstating direct debits and had to visit a branch to make payments as it didn't have access to online services. But she said that this service didn't make awards based on professional rates. And that the compensation now offered was fair.

H didn't agree and wanted an ombudsman to review the complaint. H had consulted our published guidelines about compensation and didn't think that the award was sufficient. It estimated that its partners and staff had spent four working days on this issue. And that this all had a substantial short-term impact. It had lost the opportunity of fee income and could provide this detail on request. There was significant disruption for a significant period of time.

## *My provisional decision*

I issued a provisional decision on 7 November 2024. I set out below what I said.

I first needed to say that we provide informal dispute resolution and don't make punitive awards. I said that if H doesn't accept my decision then it remains free to pursue this matter through court and subject to any relevant timescales.

There were as referred to above, two complaint areas. The most recent increased offer of compensation by Barclays from £400 to £750 as I understood it related to the impact of the restrictions. I thought it fair that I deem half of the prior offer of £400 – that is £200 - to relate to the clients account issues. And as our investigator has said H hadn't asked us to investigate those.

Through our investigator I asked Barclays to provide details of the regular payments on H's account and copies of its bank statements.

I noted that Barclays accepts that H explained the continuation of the partnership after the death of a partner in two calls with the bereavement team and in discussion with its relationship manager. H still received letters stating that the account would be restricted as it hadn't clarified the intentions for the partnership with the most recent prior to the restrictions dated 9 August 2023. I could see from reviewing the account statements that it seems that payments from the account were made until 10 August 2023. And that online payments were possible again on 14 August 2023.

In a letter to Barclays H refers to 19 regular payments being due and not paid. And that it received contact from a number of suppliers that had been notified about cancelled payments. Barclays has provided current information showing that H now has over 40 direct debits.

H has explained that it had to make time critical payments integral to its business on 11 August 2023. And this required two partners to go to a branch I understood to be some ten miles away. Barclays has refunded the related CHAPS fees. I wasn't aware that any penalties were incurred from missed payments and I noted that an important tax payment for H was made on 10 August 2023.

I didn't doubt what H says about the efforts of its partners and staff to deal with the account restriction and related payment issues. And to reinstate the direct debits which was something Barclays told H it would need to take up with each originator. I also noted that this is a partnership and not say a separate limited company so I could take into account the impact on the partners.

I'd referred to our published guidelines about compensation. I considered that there was a substantial short-term impact for H due to its account being restricted. And that there was the inconvenience of needing to reinstate payments and reassure those suppliers alarmed by what happened that this all resulted from a bank error. We don't tend to make awards for units of time or apply professional rates. Having taken all the factors into account and applied my own judgement I considered that an award of £1,000 is appropriate to reflect all of the impact of the restrictions. I took into account the period over which the restrictions were in place, the number of payments cancelled, and the mitigating actions required by H through its partners and staff. To this I added the £200 for the issues with the clients account I'd referred to above. And so, in my provisional view total compensation of £1,200 is fair and reasonable in addition to the refund of fees already made.

### **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.

Barclays said that it accepted my provisional decision and didn't have any comments to make.

H acknowledged my provisional decision and said that in light of my reasoning didn't consider it necessary to provide any further information. H said it didn't appear that doing so would impact on the level of award I was able to make. It said that the '*consistent ineptitude*' of Barclays was regrettable. And that given what it expected would be my final decision it reserved the option to pursue other courses open to it.

In light of the responses, I don't consider I have a reasonable basis to depart from the conclusions of my provisional decision and for the reasons I've already given. I appreciate that my award of compensation as a result remains below that H considers appropriate.

### **My final decision**

My decision is that I uphold this complaint and require Barclays Bank UK PLC to pay H £1,200 in addition to the refund of fees of £150 it has already made.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 20 December 2024.

Michael Crewe  
**Ombudsman**