

## **The complaint**

D, a limited company complains that Barclays Bank UK Ltd blocked its account without notice or explanation. And took too long to complete an account review.

D's complaint has been brought to our service by its Director, Mr D.

## **What happened**

D has a business account with Barclays.

In October 2023, Barclays reviewed D's account. Whilst it did so it blocked D's account, which meant Mr D wasn't able to use the account or access any of the funds in it.

Mr D discovered that Barclays had blocked D's account when he tried to carry out a transaction in branch. Mr D complained to Barclays and explained that he needed access to D's account to run his business, pay his suppliers, and receive payments from customers.

In response, Barclays apologised for any inconvenience caused by the block and said it had blocked D's account to comply with its legal and regulatory obligations to ensure the account was being used in line with the terms and conditions of D's account. Barclays told Mr D it would complete its review within seven working days but couldn't give Mr D much more information.

Barclays completed its review on 31 October 2023, a day later than the time frame it had given Mr D. Barclays removed the block and Mr D was able to fully use the account.

Mr D complained to Barclays. He said the bank didn't let him know it was going to block and review D's account and as a result he was unable to pay suppliers and creditors which led one creditor securing a county court judgement (CCJ) against D, causing damage to D's reputation. Mr D says he also had to use his personal account and credit card to keep his business afloat.

In response, Barclays said it hadn't done anything wrong when it had blocked D's account. However, it recognised that its review had taken slightly longer than seven working days. So, it offered Mr D £100 as a gesture of goodwill.

Mr D remained unhappy, so he brought his complaint to our service. He said Barclays have never paid him the £100 it offered him. And that his business suffered immense damage as a result of Barclays actions, which took D several months to recover. Mr D says he had to ask customers to use his personal account which damaged D's reputation.

One of our investigator's looked into D's complaint. After reviewing all of the evidence he said Barclays had reviewed D's account to comply with its regulatory obligations and didn't do anything wrong by not giving Mr D any notice or explanation for its actions. The investigator acknowledged that Barclays had taken longer than it said it said it would but didn't think the delay of a day was enough to warrant any compensation. But he noted

Barclays had made an offer of £100 as a gesture of goodwill. Overall, he said Barclays hadn't treated D unfairly, so he didn't uphold the complaint.

Mr D disagreed. He said Barclays hadn't paid him any compensation and asked for an ombudsman to review his complaint. So, the matter came to me to decide.

After reviewing all of the evidence I issued a provisional decision which said the following;

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused 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'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I want to assure Mr D that I have read all his submissions.

Barclays has extensive legal and regulatory responsibilities they must meet when providing account services to its customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. If Barclays has concerns about how an account is being used, then it's right that they restrict, or even close the account. The terms of D's account make provision for this. And that's what happened here.

I can understand why Mr D found this experience with Barclays stressful and upsetting – he was understandably concerned about the impact to his business. But as I've explained, banks have legal obligations to comply with various laws and regulations. Barclays blocked D's account on 19 October 2023, whilst it carried out a review. Having looked at all the evidence, I'm satisfied that Barclays were entitled to act as it did and were complying with its legal and regulatory obligations when it blocked D's account.

Mr D wants Barclays to explain the reason it blocked D's account. And he believes Barclays should have given him notice about what it was doing. But Barclays doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr D the reasons behind the account review, as much as he'd like to know. And it's under no obligation to forewarn its customers that it intends to review an account. So, I can't say Barclays have done anything wrong by not providing this information to Mr D and it wouldn't be appropriate for me to require it to do so now.

Barclays told Mr D that it would complete its review of D's account within seven working days. It didn't do that. Barclays completed its review on 31 October 2023, which is a day longer than it said it would take. Barclays apologised for any inconvenience this caused D and paid Mr D £100 as a gesture of goodwill.

Mr D says he hasn't received any compensation from Barclays. And has said that D suffered immense damage to its reputation, that he couldn't pay suppliers and he had to resort to using his credit card and personal account to keep his business afloat. Mr D has also said that Barclays actions led to a CCJ being recorded against D which has only recently been settled in January 2024.

Barclays has acknowledged its errors in this case, and it offered £100 in recognition of them as a gesture of goodwill. In my view, that offer was a fair one which would adequately compensate D for the results of the bank's delays. I currently see no reason to increase this. Ultimately the block of an account will cause a certain level of inconvenience, but as the

reasons for this block are legitimate and fair, I don't think it would be appropriate for more compensation to be awarded.

In reaching this conclusion I've kept in mind that Mr D hasn't provided any evidence to support the impact he has described. And that Barclays review wasn't excessively delayed beyond the timeframe the bank gave Mr D. So, I am not persuaded that any difficulties D may have had with a CCJ, or reputation were linked in any way to Barclays actions.

In summary, I believe that the offer of £100 was a fair one. Mr D declined it and has said he never received any payment from Barclays. Strictly speaking, therefore: (i) it is not open to him to change his mind and accept it and (ii) Barclays is under no obligation to reinstate it. I believe however that the bank did make an error for which D should receive some compensation, and that £100 is an appropriate figure. I will therefore make a formal award so that Mr D can accept it if, on reflection, he chooses to do so.

Barclays accepted my provisional decision and confirmed that they had already paid Mr D £100 compensation. Mr D didn't respond.

Now both sides have had an opportunity to comment I can go ahead and issue my final decision.

### **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.

As neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view that this complaint should be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint.

Barclays Bank UL PLC have already paid Mr D £100 compensation, so I'm not requiring it to do anything more to resolve D's complaint.

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

Sharon Kerrison  
**Ombudsman**