DRN-5322326

The complaint

Mrs S complains that Barclays Bank UK PLC stopped her from transferring funds from her ISA to her current account because of a third party debt order.

What happened

On 13 December 2017 a company, C, obtained a County Court judgment against Mrs S for just over £4,000. C also obtained an interim third party debt order. The order named Barclays as a third party and required it to provide to the court and to C details of any account(s) held by Mrs S. It also prevented the bank from paying any money to Mrs S, save to the extent it exceeded the amount of the judgment and the court fee of £110.

A full application was to be heard on 17 January 2018. The order explained that, if a final order were made at that hearing, it would require Barclays to pay C some or all of the money which Mrs S owed under the judgment.

At the time, Mrs S held an ISA with Barclays, with a balance of 21p. It does not appear that any final order was made, and that money remained in Mrs S's ISA.

In February 2024 Mrs S asked Barclays about opening a savings account. Barclays noted that she still had an open ISA (still with a balance of 21p), and so it was agreed that Mrs S would transfer just over £14,500 into it.

Shortly afterwards, however, Mrs S found that she needed access to her savings and so asked the bank to release the funds to her. It refused, however, citing the interim third party debt order.

Mrs S complained, saying she had been unaware of any judgment or third party order. Barclays looked into what had happened and acknowledged that (i) it should have notified Mrs S of the order when it was made and (ii) it should have realised that the order did not apply to any funds paid into the account after the date it was made. It could therefore release funds to Mrs S. It explained that she would need to contact the bank's court order team, which could then arrange for a transfer to be made to Mrs S's current account (which had been opened after the date of the court order, and so was not affected by it). The bank offered Mrs S £100 in recognition of its errors.

By this time, Mrs S had referred the matter to this service. One of our investigators looked at what had happened and issued an initial assessment in which he concluded that the bank's offer of £100 was fair in the circumstances.

Mrs S contacted the bank's court orders team to arrange the transfer of funds to her current account, as it had directed. On several occasions it refused to make the transfer, citing the court order. Mrs S is unable to use email and so, in an attempt to have the funds released, went to her branch (which is some distance from her home) to try to resolve matters. She also engaged her daughter to help, but she lives abroad and was not well-placed to assist. Mrs S and her daughter were also in regular contact with the investigator to see if he could encourage Barclays to release the funds as it had agreed.

It was not until 22 August 2024 that Barclays lifted the restrictions on the account. Mrs S says she was not aware it done so until around 10 September 2024.

In view of what had happened since he had issued his initial assessment of the complaint, the investigator updated his view of how things should be resolved. He recommended that Barclays refund any interest which had been applied to Mrs S's current account (as it had been overdrawn), and pay Mrs S £500 (in addition to the £100 already paid).

Barclays accepted the investigator's recommendation, but Mrs S did not think the compensation was sufficient. And she wanted answers to a number of questions about how the situation had arisen in the first place. The file was therefore passed to me to review.

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'll consider first of all the events of late 2017 and early 2018. Due to the passage of time, full details are no longer available, but I will explain how I think matters are likely to have unfolded.

Mrs S says that the debt arose in connection with a company with which she was involved at the time. She does not believe that she was personally liable. I note what she says about this, but the court order clearly refers to a judgment against her personally. It's possible that Mrs S guaranteed to meet her company's liabilities to C; but, whether that is true or not, the court was clearly satisfied that she owed C more than £4,000. Having been served with the order, the bank was obliged to comply with it, and was under no duty to question how it had been made.

If Mrs S thought that judgment should not have been given, her primary remedy was to apply to the court for it to be set aside. That was not a matter that involved the bank.

Mrs S says that the primary account held by Barclays at the time was the company account, and so any the bank should not have brought her personal account into it. I am afraid I do not agree. C probably knew about the company's account, since it's likely it had received payments from it in the past. But it would not be unusual for a judgment creditor to suspect that an individual linked to a company might hold accounts at the same bank and to seek an order in the terms of the order made here. Clearly, C was able to argue in court that an order should be made. As I have indicated, the bank was then under a duty to look for and report on any accounts it found in Mrs S's name.

It appears that no final order was ever made. I don't find that at all surprising. The order required Barclays to tell C how much was in any accounts in Mrs S's name. Having found out that it was likely to recover only 21p, C almost certainly took the view that there was no benefit in making the order final. Barclays would not have been involved in that decision and would not have known about it. And I do not believe it was under any duty to follow up with the court.

I turn then to more recent events. I note that the account remained restricted. I do not think that was unreasonable. Barclays had no reason to lift the restriction; it had not, for example, been told that the court order had been discharged or that the judgment had been satisfied.

Nor in my view was the bank under any obligation to tell Mrs S about the account block when she asked about transferring funds to the ISA. The reason for that is that it should not have made any difference to the overall position, since new funds paid into the account would not have been "caught" by the order. There is no reason to think that, had she received full information about the position, Mrs S would have acted any differently.

However, once Mrs S asked for her money to be transferred, the bank, in my view, made a series of errors.

- As Barclays has acknowledged, funds paid into the account after the date of the court order should not have been blocked. Barclays should have identified that as soon as it identified that an order had been made.
- The bank knew, or should have known, that the court order dated back to December 2017, but that the bulk of the funds in the account had only been credited on 1 March 2024.
- Further, the court order allowed Barclays to release any funds over the amount of the judgment and costs. So, even if there had been any doubt about what the account balance had been when the order was made, it could still have released around £10,000 without being in breach of the order.
- Barclays directed Mrs S to its court orders team to have funds released. She was however given conflicting information about what she needed to do. It is not clear why a team which, on the face of it, was set up to deal with situations such as this one, was unable for several months to facilitate the release of funds.
- Mrs S was on more than one occasion treated as if she was making a new complaint when in reality she was trying to transfer funds – as the bank had agreed in settlement of the complaint she had made. She was also directed back to this service, even though the investigator was clearly not in a position to give transfer instructions in respect of Mrs S's accounts.
- There seems to have been little consideration given to Mrs S's personal situation – living some way from a branch and unable to give instructions by email, for example.

Overall, I do not believe that the bank handled things at all well, especially once it had identified its initial (in my view, relatively minor) errors and explained how it would deal with them. Having done that, however, it did not then arrange for the funds to be transferred as quickly as it should have done. This put Mrs S (and her daughter) to significant inconvenience which in my view warrants more than a modest award of compensation.

Whilst I appreciate that Mrs S feels that the £500 recommended by the investigator is not sufficient, I think it is in line with our published guidelines on awards for non-financial loss, and I do not propose to award more.

Where someone is deprived if funds, I can make an award in recognition of the cost of not having access to those funds. In this case, Mrs S says that she wanted to transfer money from her ISA to her current account. Had she been able to do that, her current account would not have been overdrawn and she would not have incurred interest or charges on it. I therefore agree with the investigator that it would be fair to require Barclays to reimburse any interest and charges applied to Mrs S's current account as a result of her being unable to transfer funds from her ISA.

My final decision

For these reasons, my final decision is that, to resolve Mrs S's complaint in full, Barclays Bank UK PLC should refund any overdraft interest and charges incurred on her sole current account between 1 March and 30 September 2024 and pay her a further £500.

Under the rules of the Financial I would Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 March 2025.

Mike Ingram
Ombudsman