# Barclays set to compensate customers after significant IT outage



Barclays is preparing to compensate its customers between £5 million and £7.5 million following a significant IT outage that affected its banking app from January 31 to February 2. The disruption, which resulted from a mainframe systems failure, left many customers experiencing difficulties with online payments, with nearly 56% of transactions failing during this period. This incident has highlighted broader concerns regarding the reliability of banking services in the UK, with reports indicating that the country's major banks and building societies experienced a staggering cumulative total of over 803 hours of unplanned outages over the last two years.

The issue has drawn attention from the House of Commons’ Treasury Select Committee, which revealed findings indicating that a total of at least 158 IT failure incidents occurred from January 2023 to February 2025, impacting millions of customers' access to banking services. Dame Meg Hillier MP, chair of the committee, noted the serious implications these outages can have, particularly for individuals and families relying on regular paychecks. “Losing access to banking services on payday can be a terrifying experience,” Hillier remarked, further emphasising that the frequency of these outages validates customer frustrations.

Barclays' recent IT problems coincided with payday for many UK citizens and also overlapped with critical deadlines for self-assessment tax returns set by HMRC, which compounded the inconvenience for customers unable to access their funds. While Barclays is investigating the precise issues leading to this interruption, it has publicly stated the problems were due to technical issues rather than a cyber attack. Vim Maru, the chief executive of Barclays UK, expressed remorse for the disruptions, stating, “We are deeply sorry for the impact this incident has had on our customers who were not able to access some of our services during the incident period.”

Despite Barclays' proactive communication within the first two hours of the outage, concerns over the frequency of such incidents remain prevalent. The bank has previously faced 33 outages in the last two years alone, resulting in nearly £5 million in damages, more than any other bank reviewed in the committee's report. HSBC follows with a reporting of 32 outages, equating to more than £200,000 in refunds, while NatWest has recorded 13 significant outages leading to approximately £350,000 in compensation to affected customers.

Dame Meg Hillier's statements reflect a broader call for understanding the frequency of such technical failures within the banking sector, underscoring the necessity for banks to respond efficiently when technical glitches impact service. The Treasury Select Committee's scrutiny underscores important questions regarding the technological resilience of UK banking institutions and their processes for ensuring customer communication during service disruptions.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.accountancyage.com/2025/02/04/when-banks-fail-businesses-pay-the-barclays-outage-lesson/> - This article discusses the Barclays IT outage from January 31 to February 2, 2025, and its impact on customers, including failed transactions and disruptions during critical financial deadlines.
* <https://committees.parliament.uk/committee/158/treasury-committee/news/205611/more-than-one-months-worth-of-it-failures-at-major-banks-and-building-societies-in-the-last-two-years/> - The Treasury Committee's findings highlight over 803 hours of unplanned outages across major UK banks and building societies over two years, emphasizing customer frustrations and the need for swift responses during outages.
* <https://www.finextra.com/newsarticle/45612/uk-banks-hit-a-month-of-outages-in-the-last-two-year-barclays-to-shell-out-millions-for-it-downtime> - This article reports on the cumulative outages experienced by UK banks, including Barclays' recent incident, and notes the significant compensation Barclays is expected to pay due to the disruptions.
* <https://www.accountancyage.com/2025/02/04/when-banks-fail-businesses-pay-the-barclays-outage-lesson/> - The article also touches on the broader concerns about banking service reliability in the UK and the impact of digital banking failures on businesses and individuals.
* <https://committees.parliament.uk/committee/158/treasury-committee/news/205611/more-than-one-months-worth-of-it-failures-at-major-banks-and-building-societies-in-the-last-two-years/> - Dame Meg Hillier's comments are highlighted, emphasizing the distress caused by outages, especially on paydays, and the need for banks to respond effectively during disruptions.
* <https://www.finextra.com/newsarticle/45612/uk-banks-hit-a-month-of-outages-in-the-last-two-year-barclays-to-shell-out-millions-for-it-downtime> - The article provides additional context on the frequency and impact of IT failures across major UK financial institutions, including the compensation paid by banks like Barclays and the Bank of Ireland.
* <https://www.chroniclelive.co.uk/news/uk-news/barclays-pay-millions-compensation-customers-31140683> - Please view link - unable to able to access data