

26th February 2025

Dame Meg Hillier MP
Chair of the Treasury Committee
House of Commons
Palace of Westminster
SW1A 0AA

Dear Chair,

I welcome the opportunity to provide information to the Committee on the IT incident which some Barclays customers experienced on Friday 31st January and which lasted into the weekend of 1st – 2nd February 2025.

As with all such incidents, we have adopted a Barclays-wide approach in this case and considered the impacts across all businesses in the affected areas. So, whilst I write to you as CEO of Barclays UK, the information herein covers all impacted Barclays businesses in the UK.

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.

Overview

On identification of the incident, we immediately enacted our Crisis Management procedures which allowed us to prioritise restoring services as swiftly as possible to impacted customers, with a particular focus on those with vulnerable characteristics.

Throughout the incident, our priority and focus was to act quickly with our customers' interests always front of mind.

We have identified the root cause as being a software problem in a critical module of our UK Mainframe operating system and can confirm that this incident was not due to a cyber-attack or any other malicious activity. A detailed third-party review of root cause and our response to this incident is in train, with the objective of identifying any learnings for potential incidents of this nature in the future.

The responses to the questions are based on the facts available at the date of this letter.

Q1: Please can you outline the failure that occurred, what caused it and how it affected Barclays' customers? In your description, please can you provide a timeline of events, and a description of the failure by channel (i.e. app, web, branch, ATM, cards, etc). Please can you also note when all system failures were rectified?

The incident occurred on Friday 31st January at approximately 9:48am. Based on our investigations so far, the root cause of the incident was a software problem in our UK Mainframe operating system. This problem caused progressively severe degradation of Mainframe processing performance through a substantial part of 31st January and into the following day.

Our UK Mainframe underpins core banking applications of deposits, overdrafts, and debit cards across Barclays UK, with services also supporting our International & UK Corporate Bank and Private Bank & Wealth Management (PBWM) businesses. In practice this meant that some

customers attempting to make payments via multiple channels may have experienced errors at different times during the day. Our branch and contact centre technology was also impacted – however both our branches and contact centres remained open, operating their normal opening hours or longer.

Within the first two hours of the incident, we proactively communicated about the issues with customers via multiple channels. We provided an update to our service status web pages, issued notifications to relevant colleagues about what servicing issues were being experienced for their interactions with customers, updated our automated telephone response message for any inbound calls to support customer awareness of the issues we were facing, and where to get support. We also published a social media post - providing more information on @BarclaysUKHelp on the X platform; and distributed a press statement outlining service status to media who were covering the incident. All of these channels were updated throughout the course of the incident with the latest information and service availability.

Having initially notified our UK regulators (the 'authorities') on Friday 31st January at 11:34am, we were engaged with the authorities to provide status updates on the incident, our customer care provisions and latest picture with regard to payments and restoration of services.

The incident limited some customers' ability to log into the Barclays mobile app and online banking as well as making payments at different times during the day. Customers who could successfully log in were not always able to set up a payment.

The incident also impacted our interactive phone response and Barclays colleagues' ability to serve customers. This led to long service wait times.

During the incident period, customers could still use their debit cards to make payments in store and online, as well as to withdraw cash from ATMs, with only short periods of reduced availability.

On Saturday 1st February by 1:30am, the Barclays app and online banking were back online. However, from 8am on Saturday morning customers experienced difficulties logging onto online banking and payment errors through the app. These issues were largely resolved by midday. Debit card payments and ATM withdrawals continued to function with a good level of availability. Contact centre colleagues were able to service accounts and customer requests.

For any payments made on Friday 31st January, customers were advised that we were still processing their payments which means that their balances may not have been up-to-date and they may not be able to see all their transactions.

Our Mainframe and other platforms have remained stable since Sunday 2nd February until the time of writing.

It is important to highlight that additional information may come to light as our internal and third-party review proceeds.

Q2: Please can you provide an outline of how you intend to prevent such a failure happening again?

Firms including Barclays are required to, and have, operational resilience and incident response plans in place to mitigate the effects of a business disruption incident on our customers and clients and for financial stability more generally. Barclays puts these plans into place immediately

from the point of incident identification and then escalates or de-escalates these in accordance with incident severity as that develops over time.

Immediately after the incident on the 31st January, and on the advice and recommendations from our Mainframe provider, we took mitigation actions on the 2nd February to reduce the risk of a recurrence, and impact. On Friday 21st February we received a software fix from our Mainframe provider that is now undergoing comprehensive testing.

Q3: Please can you provide an overview of how your Board responded to the outage?

Both the Group Board and the Barclays UK Board were kept updated of major developments throughout the period of the incident and technical recovery. The Barclays UK Board also met on Sunday 2nd February to assess the situation at that time and confirm next steps.

Barclays maintains a Crisis Management Framework to manage our response to any high severity major incidents. Crisis Leadership Teams (CLT) are business-led teams at Barclays, Business Unit and, as appropriate, regional levels to manage reputational, financial, or operational crises with participation of relevant senior executive leadership. All CLTs are exercised annually on risk-based scenarios and the relevant CLTs were invoked in line with expectations during this incident. CLTs are responsible for ensuring relevant Group Executive Committee members and Boards are kept updated.

Barclays regularly participates in Bank of England and UK Finance sponsored sector-wide exercises that considers our crisis responses to severe disruption scenarios.

Q4. Please can you provide an estimate of the number of customers affected by your most recent outage (including as a proportion of your total customers), including an estimate of the number of vulnerable customers affected?

We have over 13 million digitally active UK customers. On Friday 31st January, 5% of customer attempts to log into the mobile app and online banking failed. Of those that successfully logged in, 17% attempted to submit a payment of which 56% of them failed. There were additional lower volumes of impact to some other services and clients, including in our International & UK Corporate Bank and PBWM businesses. Our work to identify all customers affected is ongoing and I will share with the Committee a final breakdown of our customer and client impacts when our work to identify them is complete.

Our proactive remediation effort remains focused on the prioritisation of customers with vulnerable characteristics and ensuring no customer will be out of pocket as a result of this incident.

Q5: Can you explain how Barclays will manage customer complaints following this incident, including whether you will be proactive in contacting customers who may have suffered, or whether you will entirely rely on complaints being reported to you?

We have been taking a proactive approach to customer complaints since the incident occurred and have dealt with as many of these as possible at the first point of contact into the bank. We will continue to prioritise those customers with vulnerable characteristics or those in vulnerable circumstances.

Given the increase in complaints volumes, we have increased our resources to support responding to customers in a timely manner.

We have also met with the Financial Ombudsman Service on the 20th February to provide details of our remediation approach and discuss volumes for potential referral increases. We are working to ensure alignment with their expectations in how we are handling complaints.

In addition, to avoid customers having to make a complaint, we are using our own data, where we can, to identify any errors. In some cases, this will involve an automated refund and in other cases we will contact customers to either provide additional information or confirm the action we are taking.

We have kept the FCA updated on our approach and plans.

Q6. Please can you provide your initial estimate of the amount of compensation Barclays expects to pay out, given the potential costs your customers faced, and your expected timeline on the provision of that compensation?

Barclays recognises the inconvenience and disruption this incident has caused our customers. We acknowledge that through no fault of their own, some of our customers and clients may have suffered loss or distress and inconvenience.

Our initial estimate is that we expect to pay out between £5m - £7.5million to our Barclays UK customers for inconvenience or distress caused by this incident. We continue to work through the impact to ensure no customer or client will be out of pocket as a result of the incident.

We will endeavor to respond to complaints as quickly as possible and in adherence to our regulatory requirements in complaint handling. Our expectation is that complaints will be handled in line with our regulatory requirements (with the vast majority within three days). If there are some complex cases, there may be a small number that may take longer.

Q7. Please can you provide the Committee with how your customer services response times changed over the period of the failure and in the period directly after, and the resources you have put in place to meet customer queries over the period and in the period directly after?

Our response times on Friday 31st January were extended with branches, telephony and chat volumes rising and experiencing long wait times. Demand for our telephony channel on the Friday was three times the typical level, with customers abandoning calls around five times more often than the average for a comparable day over the prior two months.

We immediately mobilised our teams and by Monday 3rd February onwards we had an additional 1,100 employees supporting our customers using overtime, weekend working and reprioritisation of non-essential work.

We extended branch and contact centre hours where there were high levels of demand, and our relationship directors and managers reached out to clients where necessary.

By Saturday morning, our app and online services were back online reducing the flow into other channels.

On Monday, branch footfall was c.18% higher and counter transactions were 14% higher than a typical day and our message channel was 45% over forecast with long wait times for customers to be messaged back.

Throughout the period of the incident, we updated customers through multiple channels including through our interactive phone response, in-app message, social media channels, SMS and via email. We prioritised supporting customers with vulnerable characteristics in all channels.

Whilst our response times had largely returned to normal levels by Wednesday 5th February, we have continued to move resources to areas of heightened need for customers as the enquiries have moved from completing payments to queries about balances and then to complaints about the inconvenience experienced.

Q8: Please can you provide the Committee with an overview of your expected increase in fraudulent transactions over this period, how you have mitigated the risk of such transactions, and how you are helping customers who may have suffered due to fraud over the period?

We recognise the importance of protecting our customers from fraud. During this incident, we issued social media messaging reminding customers of the risk of fraudsters using this opportunity to exploit the disruption experienced by Barclays customers.

Whilst we expect an increase in fraud to be reported by customers, it can typically take a few weeks before these incidents are reported by customers to the bank. We will support such customers to report their issues and provide refunds or chargebacks as appropriate as we normally do. Our customer teams are staffed to deal with incoming enquiries.

We have also seen some instances of first party fraud where some people have attempted to take advantage of the incident. We are investigating these cases to determine what action to take.

Q9. Please can you provide the Committee with an overview of the number of instances and amount of time in total (in hours) Barclays UK services have been unavailable to customers due to IT failure over the last two years, by Channel (i.e. app, web, branch, ATM, cards, etc)?

As a regulated financial entity, Barclays is required to notify the FCA of operational incidents that reach certain thresholds pursuant to relevant laws, rules and regulations. In this letter, we have focused on those incidents in our Barclays UK business that are reportable pursuant to the Payment Services Regulation (PSR) 2017 as these capture payments-related events with a customer impact, such as the incident on the 31st January. In the annex to this letter we have listed these incidents.

From January 2023 through to January 2025, 33 service disruption incidents were reported to the FCA. 15 of these incidents caused a total of 93 hours impact to customers across our channels. 18 instances had no direct channel impact but impacted payment processing. This excludes the incident on 31st January as described in response to question 1.

Q10. The number of customers that have been affected by each of those failures.

From January 2023 to January 2025, an estimated total of 3.3 million customer impacts were experienced due to the total 15 channel-impacting instances referenced above (not including the instance covered in question 1).

Q11. The amount of compensation that Barclays UK has paid to its customers due to IT failures over the last two years

In the time available to respond, our estimate is that levels of compensation for loss and inconvenience arising from these incidents is less than £5million. Whilst customers have been inconvenienced by these incidents, the duration of these incidents has been generally short, thereby reducing the impact.

Q12. A description of the reason for those failures.

The causes of technology issues experienced over the last two years can be attributed to three principal factors: technology change (12 instances), operational error (10 instances) and third-party technology or service failure (7 instances).

The impact of these issues span infrastructure, applications and underlying system configurations.

I hope that these responses to your questions will provide you with the required detail and insight you were seeking but do please let me know if there is anything else that you need in relation to this incident.

Yours sincerely,



Vim Maru
CEO, Barclays UK

Annex to Barclays TSC letter – February 2025: Q9 additional information:
15 incidents January 2023 through January 2025 with impact to customers across our channels:

Date	Summary	Customer Impact (hours)	Impacted Channels and/or Payment Type
Feb-23	Invalid business data resulted in colleagues intermittently facing problems loading the telephony and chat functionality which allows them to communicate with customers.	16	Telephony, Chat
Mar-23	Faster Payments failures across all digital channels due to a database software issue exposed by an unrelated network change.	<1	Faster Payments, Mobile Banking App, Open Banking, Online Banking, Contact Centre Platform
Aug-23	Debit card customers received card declines due to connectivity issue with new hardware security devices.	<1	Debit Cards
Aug-23	Delay in posting inbound Faster Payments due to corrupt message, resulting in some customers experiencing delays for expected funds to reflect in their accounts. Some receiving monies next day.	19	Mobile Banking App, Online Banking, Contact Centre Platform, Online Banking, Open Banking
Oct-23	Customers received errors whilst attempting to access Mobile Banking App and Online Banking following issues with a database change.	4	Mobile Banking App, Online Banking, Wealth Banking Platform, Faster Payments
Nov-23	Temporary periods of latency between two internal payments systems caused duplicate and failed Faster Payments initiated from Mobile Banking App and Online Banking channels.	<1	Faster Payments, Mobile Banking App, Online Banking
Mar-24	Error in third party provided database software resulting in Login and Faster Payments failures within Customer and Colleague channels impacting some customers.	6	Faster Payments, Debit Cards, ATM, Mobile Banking App, Online Banking, Contact Centre Platform, Open Banking, Wealth Banking Platform
Mar-24	Database software issue resulted in Login and Faster Payments failures within Customer and Colleague channels impacting some customers.	5	Faster Payments, Debit Cards, ATM, Mobile Banking App, Online Banking, Open Banking Contact Centre Platform, Wealth Banking Platform
Apr-24	Application code defect related to tax year end date processing resulted in customer receiving errors when attempting to make a funds transfer via Mobile Baking App to their ISA savings account. Solved same day.	12	Mobile Banking App
May-24	Network infrastructure change impacted connectivity to core banking applications, causing intermittent payment and login failures across customer and colleague channels.	<1	Faster Payments, ATM Mobile Banking App, Online Banking, Open Banking, Contact Centre Platform, Wealth Banking Platform, Chat

Jul-24	Build-up of payment queues resulting in delayed payment across multiple channels. Solved same day.	5	Faster Payments, CHAPS International Payments, Online Banking
Aug-24	Delays to payments processing due to slow response times from third party system. Solved same day.	13	CHAPS, Online Banking
Aug-24	Issues accessing Online Banking following security configuration change	5	Online Banking, Wealth Banking Platform
Oct-24	Outbound payments issues on Online Banking channel following update to an API.	2	Online Banking
Jan-25	Mainframe infrastructure issue causing outage to core banking applications, impacting multiple channels and payments for some customers.	2	Mobile Banking App, Contact Centre Platform, Online Banking, Open Banking, Wealth Banking Platform

18 incidents with no direct channel impact:

Date	Summary
Jan-23	Vendor network issue caused delays in Faster Payments processing for future-dated and standing order payments.
Mar-23	Internal payments system contention between two files processing concurrently causing duplication and delays to Faster Payment services.
Mar-23	Internal connections dropping in payments platform causing delays and impact to FPS and BACS payments.
Mar-23	Internal payments service required re-start resulting in delayed SEPA credit transfers and SEPA direct debits.
Aug-23	System processing error resulted in a delay in payments being applied to customer credit card accounts resulting in incorrect available funds reflecting on their credit cards.
Aug-23	BoE issue led to delays in CHAPS payments (all processed within SLA following a CHAPS extension).
Oct-23	Delays in sanctions screening, resulted in a small number of CHAPs payment missing cut off. These were processed the following day.
Oct-23	Configuration issue during payments platform upgrade led to some Faster Payments missing cut off times.
Nov-23	A subset of customers had a monthly product fee debited twice due to an issue when implementing a charging platform update.
Nov-23	System failover to alternative site required to due database error caused failure to payments system and delays in inbound payment postings as the recovery site did not automatically start processing live traffic.
Jan-24	Invalid inbound bulk payments file resulted in some customers being debited twice. These were reversed the following day.
Feb-24	A subset of customers overcharged for travel insurance due to an invalid configuration change.
Apr-24	Network issues impacting the payments sanctions screening service resulting payments delays and cut-offs missed.
Jun-24	The overrunning of planned maintenance on the vendor side, resulted in delayed Faster Payments due to the scheme running on 50% capacity during this period.
Jul-24	Third party issue resulted in delayed to CHAPS payment processing.
Jul-24	A Bank of England issue caused some CHAPS payments to be delayed. All payments met their intended value date.
Sep-24	Payments impact to Faster Payments, CHAPS & BACS following configuration change required to support security requirements.
Sep-24	A Bank of England issue caused some CHAPS payments to be delayed. All payments met their intended value date.