

The complaint

Ms G is unhappy with the actions taken by Barclays Bank UK PLC as the receiving bank, when she sent money to one of its customers as the result of a scam.

Ms G brings her complaint through a representative, who I'll refer to as 'M', but for ease of reading I'll mostly refer to Ms G.

What happened

The detailed background to this complaint is well known to both parties, so I'll only provide a brief summary of key events here.

In December 2018, Ms G was unfortunately the victim of an email interception scam. She was in the process of purchasing a property and received, as expected, an email from her solicitor – 'L' requesting a deposit payment of €24,842.50. The email set out the account details for where the funds should be paid.

Ms G visited her local branch. She sent the payment from her account with her own bank 'A' to the details provided in the email. Ms G was unaware at the time L's email had been intercepted and the account details changed. The funds credited an unknown third-party account, rather than L's account as she'd intended. The receiving bank account was with Barclays.

As soon as Ms G became aware of this, she informed A and M – both of whom contacted Barclays in an attempt to recover the funds from the beneficiary account. But by the time this happened, a large portion of Ms G's funds had already been transferred out of the beneficiary account. Barclays were able to recover some of Ms G's funds and later returned €1,462.99.

This still left Ms G with a considerable loss, so she complained. She was unhappy for a variety of reasons, these include but aren't limited to;

- Barclays delay in acting on notification sent by A and returning her funds;
- inaccuracies in information provided by Barclays to M;
- being misinformed by Barclays it was unable to locate the account which caused her confusion and stress;
- lack of communication from Barclays necessitating Ms G, M and A to continually chase;
- Barclays failure to comprehend the significance of a fraudulent payment being reported to it; and
- Barclays unsatisfactory responses, lack of communication and/or co-operation with A.

Ms G wants Barclays to refund the outstanding sum of €23,389.51, reimburse the additional legal costs she has incurred trying to recover her funds and pay compensation as the incident has caused her considerable upset, stress and anxiety, which she believes has been drawn out and added to by the poor handling of the matter by Barclays.

Barclays didn't agree to refund the outstanding loss as the funds Ms G had paid into their customers account had been utilised by the account holder prior to A's notification of alleged fraud. It maintained it had correctly returned what could be recovered. However, it acknowledged and apologised for providing incorrect information to M and for the confusion and stress its update message in response to A's recall request caused. Barclays offered to pay Ms G £300 compensation.

Ms G considered that she should receive considerably more than £300, given Barclays lack of co-operation in assisting in the recovery of her funds. She doesn't believe the amount offered takes into account the time and effort she spent trying to get to the bottom of what had happened or the emotional distress and anxiety that she experienced.

Unhappy with Barclays response she brought her complaint to this service. One of our investigators looked into things. He concluded that this service had no power to look into Ms G's complaint as she wasn't an 'eligible' complainant under our rules.

Ms G disagreed with the investigator's outcome. Whilst she accepts that she isn't an eligible complainant under DISP 2.7.6R (2B) she didn't agree that this precluded her from being considered an eligible complainant through another relationship listed under DISP. She says her complaint is about Barclays failure to co-operate with A in its efforts to recover her funds. She says Barclays didn't respond in an adequate and timely manner to notification provided by A. She believes this likely resulted in her incurring a greater financial loss. In these circumstances as she was the payer in a misdirected payment transaction with Barclays being the payee's payment service provider, she submitted that this service does have jurisdiction to look into this aspect of her complaint under DISP 2.7.6R(2A) which says;

"..... the complaint is (or was) a payer in a payment transaction in relation to which the respondent is (or was) the payee's payment service provider, provided the complaint relates to the respondent's obligations under regulation 90(3) of the Payment Services Regulations"

As Ms G didn't agree the complaint was passed to me to decide on the jurisdiction of this case.

Having reviewed Ms G and Barclays submissions I reached a different outcome to our investigator about this services jurisdiction. Whilst I agreed, and Ms G has accepted the investigator's outcome, in so far as Ms G isn't an eligible complainant under DISP 2.7.6R (2B) as the acts and/or omissions being complained of occurred before this relationship came into effect on 31 January 2019. I do agree with Ms G that she is an eligible complainant under DISP 2.7.6R (2A) and we can consider some aspects of her complaint under this relationship.

I explained to both Ms G and Barclays this relationship however, only allows us to consider whether or not Barclays complied with its obligations under regulation 90(3) of the Payment Service Regulations 2017. This limits what we can consider to just whether Barclays co-operated with A in its efforts to recover Ms G's funds. And it would not include, and we could not comment on Ms G or M's direct interactions with Barclays to try and recover the funds. Both Ms G and Barclays accepted this so the complaint was passed back to the investigator to look into the limited aspect of Ms G's complaint that this service is able to consider.

In short, our investigator said for what we can consider, he didn't think the complaint should be upheld. He concluded Barclays had fulfilled their obligations under regulation 90(3) of the Payment Service Regulations 2017 and the £300 compensation offered for the poor customer service was sufficient.

Ms G was dissatisfied with the investigators response and maintained Barclays failed to effectively communicate and/or co-operate with A, which added considerably to her stress and caused upset at what was already a difficult time. It failed to act immediately on the information provided (whether or not this resulted in any further financial loss) and failed to comprehend the significance of a fraudulent payment being reported to it. She was also unhappy that she was not afforded any opportunity to review and comment on Barclay's submission to this service and the evidence relied on by the investigator in reaching his outcome. Ms G asked for an ombudsman to review the case.

The complaint was passed back to me for a decision. With Barclays agreement, I shared with Ms G redacted copies of the evidence it had submitted – which has been relied on.

I explained I could not make an award for trouble and upset, nor could I ask Barclays to refund any legal costs that resulted from any of Barclays acts or omissions whilst responding to enquires made directly by Ms G and/or M. This aspect of Ms G's complaint fell outside my jurisdiction. I also explained we are a free alternative dispute resolution service and legal representation isn't needed to bring a complaint to our service, so we do not generally make costs awards for circumstances where a complainant has chosen to do so.

With that being said, I agreed to approaching Barclays with a view to seeing whether it would be prepared to increase its compensatory offer of £300 as a gesture of goodwill on account of the upset and inconvenience Ms G has said it caused.

Barclays responded to say whilst it empathises with Ms G, it deems the amount of compensation offered to be appropriate for the service issues that occurred at Barclays, it wouldn't look to offer any more.

Now everyone has had an opportunity to review the evidence and comment, I can go ahead with 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.

Barclays have evidenced that Ms G's payment for €24,842.50 was credited to the beneficiary account on 20 December 2018 and the majority of those funds with the exception of €1,462.99 that was later returned to Ms G were utilised before it received notification of fraud from A on 3 January 2019. Based on this, I don't think Ms G's ability to recover the money she lost as a result of the scam was negatively impacted by any acts or omissions by Barclays. The majority of funds had already been removed before Barclays received notification of fraud from A and the amount that was recoverable on the day of notification has been returned to Ms G.

Ms G has also provided a detailed explanation in support of the emotional distress, upset and anxiety that she experienced due to the lack of communication and/or co-operation between both banks - specifically on the part of Barclays. She remains unhappy A needed to continually chase Barclays in respect of matters. I sympathise with Ms G's situation and do understand from her perspective why she thinks Barclays actions didn't demonstrate any sense of urgency to recover and return her funds. However, the notification of fraud which Barclays received from A gave rise to the necessity to check the beneficiary's entitlement to the disputed funds – the responsibility of investigating and validating Ms G's allegation passed to Barclays at this point.

Some investigations are more straightforward than others and easier to conclude. And simply because Barclays didn't immediately notify A of the amount remaining and/or return the funds doesn't mean it failed to co-operate with A in its efforts to recover Ms G's funds. Barclays needed to ensure it had satisfied its own legal and regulatory obligations before concluding its investigation and making a decision on how to treat any funds remaining and/or whether these should be returned.

I can see Barclays took action in relation to A's notification on 4 January 2019. It then on 7 January 2019 (next working day) put A on notice that it would need to conduct an investigation. Enquiry timescales are dependent on a number of things and there is no requirement for Barclays to return funds until it has concluded its outcome. Barclays completed its investigation and returned the funds to A on 29 January 2019. I'm satisfied it did so within a reasonable time. I also note in the interim when A did request an update, Barclays responded in a timely manner keeping A informed on its progress.

I realise Ms G wasn't satisfied with the response given by Barclays. Barclays have in their final response explained this was a standard update message that it uses in fund recall situations. It apologised for and acknowledged the confusion which it likely caused. It made a compensatory offer of £300 for both this and incorrect information it had provided M. Overall, I think that this is a fair and reasonable way to resolve this aspect of Ms G's complaint. I understand that Ms G has declined the £300 compensation offer. But if she would like to accept that offer, she should contact Barclays directly.

I'm sorry to hear that Ms G has fallen victim to a cruel scam and lost such a significant amount of money. I do recognise the impact this has had on her and her family. Ultimately, however, it was the scammer that tricked Ms G. I don't think there are failings by Barclays that would have led to more of Ms G's money being recovered once it had been notified by A of the scam. And overall, I'm satisfied Barclays have co-operated with A in its efforts to recover Ms G's misdirected funds – complying with its obligations under regulation 90(3) of the Payment Service Regulations 2017. As such, I'm not upholding this complaint or making an award.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 15 March 2021.

Sonal Matharu
Ombudsman