

The complaint

Mr A complained about Barclays Bank UK PLC. A fraudster opened an account in Mr A's name, and built up a debt, for which debt collectors then chased Mr A.

Mr A complained that Barclays:

- didn't take proper care when it opened the fraudulent account – for example the street name for the address didn't exist; and
- didn't deal with the matter promptly as soon as he contacted it.

Mr A would like an apology and compensation.

What happened

In February 2019, Mr A received a letter from a Debt Collection firm, saying he owed Barclaycard a debt of £2,484.12. Mr A had never had any account with Barclays, so he thought it was a scam. He went to a local branch, taking the letter to talk to them about the scam. Mr A said that the branch staff told him that as he had never been a Barclays customer, he should ignore the letter.

But in early August, Mr A received another letter, this time from a solicitor, again saying he owed Barclays for an outstanding debt. This letter mentioned civil court proceedings. So Mr A went back to the branch, where he was told to phone Barclays card fraud, and then to contact the first firm of debt collectors who had written to him in February.

Mr A rang Barclays, and it was confirmed he'd never had a Barclaycard. He rang the debt collectors, as the branch had told him to. During the call, he was asked if he'd ever lived at a particular street in the city where he lived. Mr A replied that he'd never heard of this street – and he later found out that no such street existed. The debt collection wrote on 27 August to say it was investigating. And on 14 October it wrote to say it believed Mr A was Barclays' customer and was liable for the debt.

Mr A has complained separately about what the debt collection agency did. This complaint is just about Barclays' actions.

After Mr A received the debt collection agency's letter saying he was liable, Mr A got back in touch with Barclays. The phone number the debt collection agency had provided didn't work, but Mr A found another number and rang on 17 October. He was told the fraud team would ring him back.

But it didn't. Two days later, on 19 October, Mr A went back to the branch. Mr A was extremely upset and stressed, and in tears, having had little sleep because of the worry. One of the staff contacted Barclays' fraud team for Mr A. During that call, Mr A asked what was the address at which the account had been opened. The fraud investigator gave the same street name as the debt collector firm had told him – which Mr A pointed out didn't exist. Mr A also said that he'd lived at his current address for many years, and his correct address bore no resemblance to the address on the fraudulent account.

Mr A contacted this service the next day, telling us what had happened and saying how distressed he and his wife were.

On 24 October 2019, Barclays' fraud department wrote to Mr A and confirmed that it had removed the fraudulent spending and charges, and said it had amended Mr A's credit file. It also said that as a safeguard against further attempts, it had registered Mr A with the fraud prevention service CIFAS, and explained what this involved.

Mr A contacted this service again about what had happened, which had caused such distress to him and his wife.

In its final response letter on 13 January 2021, Barclays said it was sorry for the distress and inconvenience which Mr A and his family had suffered. It said that the account had been deemed fraudulent and had been closed on 24 October 2019. It also said that it had arranged for adverse credit data which had been recorded against Mr A, to be removed. The letter said that he should check his credit file as a precaution, and told him how to do this. But Barclays said it had followed the correct procedures when it had opened the fraudulent account. It said that an account can be opened online, and that wouldn't always need identification.

Mr A wasn't satisfied with Barclays' response and asked us to look at his complaint.

The investigator didn't uphold Mr A's complaint. He said the fraudulent application had been completed online in 2012. He explained that, like most banks, Barclays carries out credit checks on online applications. If credit check information doesn't match the application information, the bank then contacts the application for more information. But here, Barclays' credit check hadn't produced any anomalies, so the application had been passed.

The investigator said that this would be concerning for Mr A, because the fraudster must have obtained quite a lot of his personal information. But he said that Barclays had followed its procedures correctly. The investigator also said that Barclays first became aware of the fraud in September 2019, and it had agreed with Mr A that the account had been opened fraudulently on 24 October. So the investigator didn't think Barclays need pay Mr A any compensation.

Mr A didn't agree. He pointed out that:

- Barclays should have stopped the debt collection firm pursuing him when he'd first contacted the bank. If it had done so, Mr A wouldn't have had to make his subsequent visits to the branch, adding to the stress;
- The address used had been fictitious. And Mr A said there would be more than one person in his city who had the same name as he did;
- Barclays should have exercised due care and diligence, and "Know your customer", matching a customer to an address. Mr A said Barclays could never have matched him to that fictitious address.

Mr A asked for an ombudsman decision.

My provisional findings

I issued a provisional decision on this complaint. Before doing so, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

First, I said that it was clear that Mr A had been a victim of impersonation fraud. This is always an upsetting and frightening thing to happen. I do understand that Mr A and his wife have been very worried and distressed by this.

It's unfortunate that the fraud against Mr A took place a long time ago, because this means that records are limited. In particular, I'd have liked to have seen more about the records that Barclays kept about the application, in order to see whether Barclays could have done more at the time to prevent the fraud. Banks aren't obliged to keep records indefinitely, and wouldn't normally keep full records for longer than six years.

The fake address

I did, however, look at the records that were available. And these did provide an answer to one of Mr A's complaint points – which was that the address which the fraudster gave on opening the account doesn't exist. The records showed that when the account was opened in 2012, it was opened with Mr A's correct name, date of birth – and the address which is now his correct address. The "time at address" in 2012 also tallied with how long Mr A had recently said he's been living there. So whatever security searches – for example electoral roll – might have been carried out at that point, would have passed, because there was a Mr A with those details at that address.

What then happened was that a few months later, the person operating the account notified Barclays of a change of address. It was this address which then stayed on the record, which Barclays and the debt collectors, then asked Mr A about, thinking it was his current address. I googled the address, and Mr A was quite right that the exact address doesn't exist. There is a similar address with "road" instead of "street", though that has a different postcode from the one the fraudster registered as his change of address. Although ideally a computer system would pick up a non-existent address, there wouldn't be the detailed checks if an existing account holder changed address some months after opening the account, compared to what there would have been at account opening. Opening an account at the address of a genuine person, then changing it soon afterwards, is typical of impersonation fraud.

I recognised that it was probably even more concerning for Mr A to know that the fraudster knew his correct address as well as his full name and date of birth. But hopefully the protective marker with the fraud prevention agency CIFAS will act as a protection for him in future.

Whether Barclays acted fairly and the impact on Mr A

As I've explained above, the account opening took place a long time ago, meaning that the full information isn't available about the impersonation fraud. This is frustrating, but I focused on what Barclays did when Mr A first became aware of the problem in February 2019.

Barclays argued that it only became aware of Mr A's complaint in September 2019. That may well be true for its head office complaint department. But I accepted Mr A's version of events and I accepted that he went to a local Barclays branch in February, taking the letter to talk to them about the scam. I also accepted that branch staff told him that as he had never been a Barclays customer, he should ignore the letter. I accepted Mr A's evidence because his account had been meticulous, clear and detailed.

I also agreed with Mr A that if the branch had taken this seriously in February, Mr A would have been spared much of the subsequent trauma of being chased by debt collectors for a debt which wasn't his. Mr A said he went to the branch four times.

I considered the branch should have taken this seriously in February 2019. It should have taken a copy of the letter and sent it to the relevant head office team for investigation. The fact that Mr A hadn't ever been a Barclays customer makes no difference to whether or not a fraudster could have opened an impersonation account in Mr A's name. And the debt collection firm was one which Barclays used, which should also have flagged this to the branch as something to be taken seriously.

If the branch had flagged this with the relevant Barclays department in February, there was already a lot of information to suggest that this account wasn't legitimate. Barclays had never had call to act on that before, but when Mr A contacted the bank, it should have built a pretty clear picture, meaning it should have been able to act on his report much more quickly than it did. I've read the notes on the file, and, for example, these included – as well as the change of address a few months after the account was opened -

- in May 2013 the notes recorded "customer not known at business telephone – no-one listed at company with customer's name"- presumably where the fraudster had said Mr A worked;
- in June 2013, there was a note that the mobile number on the account (which wasn't C's) was "invalid." There had also been failed attempts to contact the account holder by landline;
- mail about the accumulated debt was returned from the fraudulent address in November 2013.

So I considered that if the branch had reported Mr A's concerns in February 2019, when he had the first letter and first found out about the impersonation fraud, it should have been possible for Barclays to act quickly. This would have significantly reduced the length of time Mr A was worried, and would also have prevented the strength of the later debt collection letters, for example from a solicitor threatening court action. Instead, it was October 2019 when the fraudulent account was closed.

I considered the impact on Mr A was significant. There was no impact prior to February 2019, because Mr A didn't know about the problem until then. But I accepted that he'd have been distressed and worried at being chased by debt collectors and by solicitors, and at the prospect of being taken to court for a debt he hadn't incurred. It would have been worrying, upsetting and frustrating. And I could see why Mr A would have found this hard to believe that it was really happening to him. And it would have been especially worrying that he went to Barclays branch four times, but didn't seem to be getting anywhere. This meant that Mr A had these worries and uncertainty over the course of around eight months. which is a long time for a customer to have an issue like this hanging over them. That's especially true when Mr A wasn't responsible for the debt in the first place, and in light of my findings that Barclays could have resolved this sooner.

The primary cause of the distress is of course the unknown fraudster. But I considered that this was exacerbated by the fact that Barclays could have acted much more quickly after Mr A went to the branch in February 2019.

Mr A said that both he and his wife suffered great distress because of what happened. I don't doubt this is true. But as Mr A was the person who was being chased for this debt, I can't take Mrs A's distress into account in considering compensation. But I bore in mind that her upset would have had a significant impact in worsening how Mr A felt about what had happened.

Taking all these factors into account, I provisionally found that Barclays should pay Mr A £500 compensation for the increased distress and inconvenience caused by its failure to deal promptly with Mr A's concerns about the February 2019 letter.

Responses to my provisional decision

Neither Mr A, nor Barclays, commented on the contents of my provisional decision by the date set for responses.

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.

Having reconsidered, and as there have been no substantive replies from Mr A or Barclays, I see no reason to depart from my original conclusions.

My final decision

My final decision is that I order Barclays Bank UK PLC to pay Mr A £500 compensation for the increased distress and inconvenience caused by its failure to deal promptly with Mr A's concerns about the February 2019 letter

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 December 2021.

Belinda Knight
Ombudsman