

The complaint

Mr M complains that Barclays Bank UK PLC is holding him responsible for payments and direct debit refund requests which he says he didn't make or allow anyone else to make.

What happened

Mr M has disputed ten payments from his account made between 18 and 23 October 2020 totalling £15,726. These payments were made to electronic money providers where the funds were later used to purchase cryptocurrency.

These payments were partially funded by a payment into Mr M's account on 20 October 2020 – this was from one of the aforementioned electronic money providers for £5,417. Mr M says he was not expecting this credit. The payments were also funded by payments returned to his account following successful requests for a refund under the direct debit guarantee scheme totalling £8,489.65. Mr M says he didn't make these requests.

Barclays declined Mr M's claim, it said the mobile banking application on his device was used for eight of the ten payments disputed. A new device was also set up via speedy registration using Mr M's online banking and mobile phone number. Further, the requests for direct debit refunds were made via a secure online chat with Barclays that was accessed through Mr M's online banking. Barclays says no third-party compromise of the secure information needed to take these steps could be established and so it concluded Mr M was involved.

Mr M says he hasn't shared any secure information or received any suspicious calls. He's also said he doesn't use online banking or own the brand of phone that was registered to his account on 19 October 2020. Mr M says he realised something was wrong when he checked his balance after being paid. He now owes money to the businesses where the direct debit refund requests were raised – he wants this money returned to those businesses and a refund of the payments he didn't make.

When Mr M's complained to our service, the investigator didn't uphold his complaint. They concluded Barclays had declined Mr M's claim fairly in light of the evidence around how the direct debit refund requests and payments were made.

Mr M didn't agree. He said one of the accounts where money was taken back from was a joint mortgage account, but neither of them gave permission. He also said he hadn't been scammed and wasn't involved at all.

Mr M later raised that he thinks Barclays should have flagged the activity as suspicious and verified the payments with him. He said hackers can change people's IP addresses. Mr M added that the information shared in the online chat (when the direct debit refund requests were made) was incorrect – for example he doesn't have a work number or take emergency calls.

So, the complaint has been passed to me for a 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.

Having done so, I'm not upholding this complaint for similar reasons to the investigator.

In relation to the direct debit refunds, Barclays has provided a copy of the chat in which Mr M (or someone purporting to be him) requested refunds. These reference specific direct debits and the dates payments were incorrectly taken from Mr M. Under the direct debit scheme, banks such as Barclays guarantee to provide a refund where there's an error with a payment.

Mr M says one of these beneficiary accounts was his joint mortgage account and neither account holder was asked to give permission. For clarity, I'm only considering whether Barclays has acted fairly here, rather than his mortgage provider. Barclays only needed Mr M's instruction to request a refund as the direct debit came from his sole account. I think it was reasonable for Barclays to believe the instruction was coming from Mr M as the chat was accessed via Mr M's online banking and so whoever requested these would have used Mr M's secure information needed to log into his online banking. None of the information Mr M says was untrue about his job or work number would have been known to Barclays staff – information such as his email address and mobile number remained unchanged. I understand Mr M wants the funds returned to the payees, but they are no longer in his account to return.

It's more likely than not that these requests are linked to the disputed payments from Mr M's account given the timing here. And the way they were utilised suggests the incoming payments were expected. As this is where the loss occurred, I'll focus on the disputed payments in the remainder of my decision.

The relevant law here is the Payment Services Regulations 2017, and broadly speaking Mr M is responsible for any payment(s) that he has authorised (either by making them himself or allowing someone else to) and he isn't responsible for unauthorised payments. So, the key question here is whether Barclays has acted fairly in concluding that Mr M did authorise the disputed payments.

For a payment to be authorised, Barclays must show that it was authenticated correctly and why it thinks Mr M consented to it. Here Barclays has provided audit information to show the payments were made through Mr M's mobile banking. To make the payments Mr M's secure passcode was used to access his mobile banking application. Mr M's long card number and CVV was also used to set up new payees. There's no suggestion here that the payments have gone to a different account than the instructions provided. So, I think the payments were authenticated correctly.

The key issue is whether Mr M consented to the payments or to someone else making these payments on his behalf.

Mr M told Barclays that no one knew his mobile phone's passcode or the passcode for his mobile banking application and that his card remained in his possession. He's also confirmed that he wasn't scammed into either sharing his secure information or making these payments himself.

On balance, I think Barclays has acted fairly and reasonably in concluding Mr M consented to these payments for the following reasons:

- The device ID used for eight of the disputed payments was linked to Mr M's mobile

number and registered to his mobile banking profile since January 2019. It had been used several times previously for genuine payments.

- To make the payments Mr M's secure passcode was used to access his mobile banking application.
- This means whoever made these payments had access to Mr M's phone and knew his secure passcode. They would have needed to access his phone several times and Mr M has confirmed he had his phone and no one else knew his passcode.
- Mr M has confirmed he made a genuine payment of £15 on 21 October 2020. This payment was made from the same device ID and IP address as many of the disputed payments. At this point several of the disputed payments had already taken place.
- A new device was added on 19 October 2020 – this is the device Mr M says he doesn't own. Speedy registration was requested through Mr M's online banking to his genuine phone number. This online banking session was logged into using Mr M's existing device. In the circumstances there would be little point for a fraudster to do this as whoever did this already had access to Mr M's online banking.
- To set up new payees Mr M's long card number and CVV were also used.

In summary, there is no explanation for how someone else would have had access to this quantity of secure information or repeated access to Mr M's device. The evidence indicates that whoever made these payments was in the same location as Mr M.

I've considered whether Barclays ought to have been concerned about the activity on Mr M's account. However, for Barclays to provide a refund or partial refund on this basis, I would need to find in the circumstances that it was more likely than not Mr M didn't consent to these payments, or that he had been the victim of a scam. However, Mr M has confirmed he wasn't the victim of a scam, and on the evidence available I can't reasonably conclude that Mr M wasn't involved in making these payments. It would be completely speculative to consider what Mr M would have said had Barclays got in touch with him sooner.

For the reasons explained, I don't think Barclays has handled Mr M's claim unfairly.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 April 2022.

Stephanie Mitchell
Ombudsman