

## The complaint

A company, which I will refer to as H, complains that Barclays Bank UK Plc didn't do enough to prevent them losing out financially as a result of an authorised push payment ('APP') fraud.

## What happened

The background to the complaint is known to both parties and so I won't repeat it at length here. Briefly, in October 2019, H set up a payment of €100,000 from their euro business premium account to their foreign exchange provider.

H has explained that the payment was to be made to their forex provider so that they could in turn pay H an equivalent amount in pound sterling into their sterling business account, and this was for payment of wages to H's staff.

On the day H set up the payment, they received an email purportedly from their forex dealer requesting to amend the payment details. There was nothing suspicious about the email and the director of H proceeded to carry out the instruction. He called Barclays to enquire how to amend the payment details. With the help of the bank's staff over telephone, he amended the details and made the payment to the revised account.

Unfortunately, this turned out to be a fraud and that came to light a week later. H contacted Barclays who in turn contacted the beneficiary bank. However only about £4 could be recovered from the beneficiary's account.

H said that when the director called Barclays for help to amend the payee details, at no point did the bank's staff warn him of the potential for fraud. He says that had the bank done so, he would have verified the details with the intended beneficiary and the fraud would have come to light preventing H's loss.

Barclays insisted that H was made aware of the risks when amending the payment details, but H was happy to continue. However, it offered £150 compensation for the delay in responding to H's complaint.

H also complained about the beneficiary's bank – which I will call Bank B - and wanted us to consider both the complaints together.

One of our investigators considered both the complaints. In relation to this complaint, they were of the view that Barclays could have done more when H made the payment. The investigator noted that when the director contacted Barclays to amend the payee, he let it be known that he had already set up the payment but he was then asked to change the payee. He said: *"They want it to go to another bank account"*. The investigator was of the view that this conversation ought to have alerted the bank, as this is the usual ploy in invoice interception scams. The unusually high payment together with H receiving instructions to change the account details on the day the payment was to be made ought to have prompted the bank to ask questions about the payment but it failed to do so.

In addition to this, given the unusually high payment, the investigator was of the view that bank's fraud system ought to have picked it up for enquiry when the payment was made subsequently, but that too didn't happen. Therefore, the investigator said that the bank missed an opportunity here to help H prevent their financial loss. They considered it fair that the bank compensates H for the loss.

However, having considered the other complaint against Bank B, the investigator concluded that there had been some error or omission on part of Bank B as well. So, they said that it is fair that both the banks share the liability equally.

Barclays accepted partial responsibility and to that extent agreed with the investigator's opinion. However, it said that H also had some liability in this matter. The bank said that this is because H had been negligent and failed to conduct any checks prior to making the payment. The bank said that if H had followed its warning, had business controls in place and adhered to them, the scam could have been prevented. As such the bank was of the view that the liability should be shared equally between H, Barclays and Bank B.

H's director insisted that at the time of the incident no warning was given by the bank. Further the transaction took place as a 'hand holding' exercise during a telephone conversation with a member of the bank's staff.

### **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 has accepted the investigator's conclusion that it could have done more. After reviewing what had happened, I too agree - for the reasons given by the investigator. So, the remaining issue for me to decide is essentially whether H should bear some responsibility for their loss (or a proportion of it) due to any contributory negligence.

I have considered what Barclays has said in this regard. However, this was a sophisticated scam. When H received the initial email from the fraudster, it appears to have come from the genuine email address of the dealer. When H replied to that email, unknown to H the fraudsters were able to divert the response to a very similar but slightly different address. And when the fraudster responded to H's email, once again it came from the genuine address. Further, there was nothing suspicious in the way the emails were written. Thus, H had no idea that a fraudster had intercepted their genuine email chain with the intended beneficiary.

Then followed the call with Barclays. Whilst the call was primarily to get help from Barclays to change the account details, the director did explain the circumstances in which the change was being effected. So, it wouldn't be unreasonable for him to expect that if those circumstances were unusual, then the bank's staff would alert him to it. That it did not happen I think would have given him some assurance.

Barclays says that at the point he changed the payee, the director was provided with a warning to verify the account details. It has provided us with the wordings of that warning. The director on the other hand insists that no warning was provided.

It is difficult for me to know for certain whether the warning was provided. Nevertheless, I have reviewed what Barclays says was provided.

As noted by the investigator, the heading of the warning was 'New Beneficiary'. But to the director, the beneficiary wasn't new. He was only amending the details of the existing beneficiary. Further, the warning recommended that the account details are verified independently with the beneficiary 'using details held on file or confirmed verbally'. In this case, the emails came from the genuine email address of the forex dealer (and so, as per the detail held on H's file). And there was nothing suspicious about the emails. H had no reason to believe that the instruction did not come from the genuine beneficiary.

I appreciate what Barclays has said. However, I think in this instance H was a victim of a sophisticated scam, and taking together all of the above, I don't think that H's actions can fairly be described as negligent. So, I am not persuaded that H should be asked to bear some liability.

H has complained about both Barclays and the beneficiary bank. They want us to consider both the complaints, which they are entitled to. The investigator looked into what had happened overall, and found that both the banks could have done more to prevent the loss to H. So, they concluded that both entities should share the loss equally. Given the circumstances, I am satisfied that this is a fair outcome.

### **My final decision**

I uphold this complaint. In full and final settlement of it, Barclays Bank UK Plc should refund €50,000 less 50% of any amount that has already been recovered and returned to H. It should also pay interest on that amount at 8% simple p.a. Interest should be paid from the date of the transaction to the date of settlement.

For avoidance of doubt, this is in addition to the £150 compensation the bank has already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 11 April 2022.

Raj Varadarajan  
**Ombudsman**