

The complaint

Ms C complains that Barclays Bank UK PLC won't refund money she lost as a result of a scam.

What happened

Ms C was looking for a holiday rental for her and her family during the summer of 2020. She found a suitable property on a popular online holiday accommodation website. She contacted the person who'd listed the property and the two communicated via email. Unfortunately for Ms C she was actually communicating with a fraudster.

Ms C was very keen to get away and give her family a much-needed break. She'd spent several days looking for a suitable property and was very pleased to have found one.

After an exchange about the details of the property, the fraudster explained that Ms C would receive a payment request from the holiday accommodation website with payment instructions. Ms C believed she was paying it, rather than the owner of the property directly. The email instructed her to make a payment of £4,483.27 to a bank account in another country.

Soon after making the payment, Ms C said she felt that something wasn't right, so she contacted both the bank and the holiday website. The holiday website said that it had no record of the booking, at which point Ms C realised she'd been the victim of a scam. Barclays declined to provide a refund to Ms C but did try to recover her money. The receiving bank asked for a police statement to be sent to it within five days, but after Barclays provided this, it failed to respond any further. Ms C was unhappy with Barclays' customer service and has explained that the fraud has had a significant impact on the wellbeing of her and her family. She said that it had given her incorrect information on a number of occasions, its staff had been rude to her and she was unhappy with its attempts to recover her money. Barclays offered £100 in compensation to reflect the fact she was given an incorrect telephone number for the bank's international payments team. However, it denied that it had otherwise made a mistake.

Ms C referred the matter to our service and one of our investigators upheld it in part. They didn't think the transaction Ms C made stood out as being sufficiently unusual for Barclays to have been concerned about it. They were also satisfied with the bank's attempts to recover Ms C's funds. They did, however, recommend that Barclays pay her a further £150 in compensation.

Prior to this decision, I contacted Barclays to say that I thought that the transaction Ms C made should have been picked up by the bank because it was very unusual and out of character and that, given Ms C's uneasiness about the payment, it's likely she would have contacted the holiday website before, rather than after, making it and the loss would have been prevented. It agreed, but it said that it should only refund 50% of her losses because, in its view, she had doubts about making the payment at the time – which is what prompted her to contact it and the holiday accommodation website.

I put this offer to Ms C, but she didn't agree it was fair. She said that she hadn't made a payment like the one in dispute before and wanted to ensure that it had reached its destination, as well as ask how long it would take to reach its destination.

Following this, and after consideration of further evidence provided by Ms C, I wrote to Barclays and recommended that Ms C be refunded in full, along with the compensation awarded by the investigator and 8% simple interest per annum. It didn't respond, so I'm giving my final decision on this complaint.

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.

As already mentioned, Barclays have agreed that the payment Ms C made was so out of character and unusual that it ought to have intervened before allowing the payment to proceed. It has also agreed that such an intervention is likely to have made a difference and prevented Ms C's loss. So, I don't need to consider this further and I will only be deciding whether, taking into account what's fair and reasonable, there should be any deduction from Ms C's refund, as well as what I consider to be fair compensation for any distress and inconvenience caused.

I've reviewed the correspondence between Ms C and the fraudster, and I can understand why it was convincing. In particular, the email claiming to come from the holiday website is well designed to appear genuine and the email address it originated from is very similar to that of the genuine business. I can understand why Ms C felt reassured that she was paying the website rather than the individual owner. While I understand the genuine website advises customers to only make payments through the platform itself, I can understand why Ms C thought she was doing just that.

I think the price of the property rental was low – it was a substantial property in a very good location at a peak holiday period. But I don't think it was so low so as to override the reassurance Ms C received from believing that she was paying the genuine holiday company. In addition, the photos were of an actual property that exists at the stated location, so I don't think there were other obvious indications of a scam (at least not to a layperson).

Ms C has said that she had a gut feeling that something wasn't right after she made the payment. She isn't able to explain exactly why she felt this, but points to her unfamiliarity with making payments of this nature as a possible reason. I've thought about this carefully and I think there isn't enough evidence to suggest that Ms C knew, or ought to have known, that she might be the victim of a scam before she made the payment. I'm persuaded that her concern arose out of her unfamiliarity with making large international payments and that she wanted to seek reassurance that the payment had been made as expected.

So, I think Ms C should receive a full refund of the amount she lost. And, as the majority of the funds came from Ms C's current account and would likely have been utilised had the scam not taken place, I think 8% simple interest per annum should be paid on the refund Ms C receives.

In relation to compensation, I know that Ms C was extremely unhappy with the service she was provided with following the scam. I've considered what Ms C has said about this carefully – even if I may not have commented on each point she has raised. I've also noted Barclays acknowledge that she wasn't always given the correct information and have already offered £100 compensation for this.

I think that a lot of Ms C's frustration has come from the process of recovering funds from a bank based abroad. Though I know Ms C thinks that had she been able to contact Barclays earlier her money might have been recovered, I'm afraid that, in my experience, the chances of recovery from a bank in another country are very low. From what I've seen, Barclays did do everything it reasonably could to try and get Ms C's money back and I can't hold it responsible for the demands of, or lack of response from, the receiving bank. It might have been preferable had Barclays simply warned Ms C from the outset that the chance of recovering her funds was extremely small.

That said, had Barclays stopped the transaction before it went ahead, as it has agreed it should, it's likely that the distress and inconvenience she's suffered (including as a result of her interactions with the bank) would have been avoided. So, to reflect this, I've decided Barclays should pay Ms C the £100 it has already offered (if it hasn't already done so) and an additional £150.

My final decision

I uphold this complaint against Barclays Bank UK PLC and instruct it to pay Ms C:

- The amount of the loss - £4,483.27
- 8% simple interest per annum on that amount from the date of loss to the date of settlement
- A total of £250 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 5 August 2022.

Rich Drury
Ombudsman