

The complaint

Mrs G is unhappy because Barclays Bank UK PLC (Barclays) didn't reimburse all the money she lost in a scam.

What happened

The payments in this case were made from Mrs G's account but she has explained that her husband, who I'll refer to as Mr V, was the one who spoke to the scammer and then advised her to make the payments.

I understand that in January 2021 Mr V left his details online and was then contacted by a company offering him bonds. Mrs G tried to make a payment of £5,000 for the bonds but Barclays blocked the payment and its fraud department called Mrs G about it. Barclays advised that it thought Mrs G was being scammed and gave advice about how to avoid falling victim to an investment scam. Following the call Mrs G didn't go ahead with the payment.

Shortly afterwards Mr V found another investment opportunity and Mrs G made the following payments from her account:

Payment	Date	Amount
1	13/01/21	£2,000
2	13/01/21	£2,000
3	14/01/21	£1,000
Total		

I understand that Mr V also made payments from his own account. The bond was for five years and Mrs G was told she'd receive around £50,000. Neither Mr V nor Mrs G completed any research before making the payments.

For the first few months Mrs G received a small return but when the payments stopped, and Mr V was unable to contact the company that offered the investment, Mrs G realised she was the victim of a scam and contacted Barclays.

Barclays contacted the bank that received Mrs G's funds multiple times but didn't receive a response. It considered Mrs G's claim and initially said it wouldn't provide a refund. Later Barclays agreed to refund Mrs G 50% of her loss, saying that it could have done more to prevent her loss, but Mrs G hadn't completed any checks before making the payments so should share responsibility for her loss. Barclays also paid Mrs G £100 to compensate her for not agreeing to a refund when it first considered her claim.

Our investigation so far

Mrs G wasn't happy with Barclays' response so brought a complaint to our service. The investigator who considered it didn't recommend that Barclays refund the remainder of Mrs G's loss. He said this because:

- Around two weeks before the scam Barclays advised Mrs G not to make a payment and gave her advice about how to protect herself from scams. If Mrs G had followed that advice the scam wouldn't have happened.
- Mrs G (and Mr V) hadn't completed any research before making the bond payments.
- When Mrs G made the payment, Barclays provided a warning that should have led Mrs G to be concerned.

The investigator didn't think Barclays should have flagged the payments as unusual and also said the compensation paid by Barclays was reasonable.

Mrs G didn't agree with the investigator's findings and asked for her case to be reviewed, so it's been passed to me to consider.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

When thinking about what is fair and reasonable in this case, I've considered whether Barclays should have reimbursed Mrs G under the provisions of the CRM Code and whether it ought to have done more to protect her from the possibility of financial harm from fraud.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that*:

- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning
- The customer made payments without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate

**There are further exceptions outlined in the CRM Code that do not apply to this case.*

Barclays has accepted that it could have done more to protect Mrs G from loss and has already refunded her 50% of her loss under the CRM Code.

Did Mrs G have a reasonable basis for believing she was making a legitimate investment?

There's no dispute here that Mrs G was tricked into making the payment. But this isn't enough for Mrs G to receive a full refund of the money she lost under the CRM Code. The Code places a level of care on Mrs G too.

Taking into account all of the circumstances of this case, including the characteristics of Mrs G and the complexity of the scam, I think the concerns Barclays has raised about the legitimacy of the transactions Mrs G made are enough to support its position that she failed to meet her requisite level of care under the CRM Code for the payments she made. I don't think she had a reasonable basis for believing the payment was for a genuine investment opportunity or that the person she transacted with was legitimate. I'll explain why.

- When Barclays blocked a payment a few weeks before (on 5 January 2021) Mrs G was given advice about investment scams. At the time that payment was made Mr V, who was speaking for Mrs G after she passed security, was advised not to make the payment as it was likely a scam. In the call the Barclays staff member gave firm

advice that Mr V/Mrs G needed to complete their own checks to satisfy themselves they were making a genuine investment but there were clear red flags that meant the Barclays advisor didn't recommend making the payment. The main areas the Barclays advisor identified were:

- Mrs G wanted to pay a different company to the one she was investing in and if the investment was legitimate this wouldn't happen.
- There was no evidence the company Mrs G was investing in was registered with the FCA or any other body.
- Interest rates in the UK at the time were around 1% so an investment offering massive rates is likely to be a scam.

Mrs G, through her representative Mr V, was advised to do her own research and in particular to contact the FCA.

In the circumstances, I consider Mrs G ought reasonably to have followed this advice when she sought to make a further payment to invest in a bond very shortly afterwards. Again, she was sending funds to a different company to the one she was investing in (having been told the payee was the 'custodian' of her funds). This custodian company claimed to be FCA regulated but none of the many other companies involved in the scam were FCA registered. Mrs G didn't check FCA registration in respect of any of the companies in any event.

- When Mrs G made the payment requests she was presented with a warning that said,

"Stay safe from scams Check the FCA register and warning list to confirm that the investment company is certified and regulated before proceeding. Scammers often clone genuine companies, creating documents and websites that look real – check the spelling."

Particularly given the advice Barclays gave Mrs G in the call on 5 January 2021 I consider this warning should have resonated with her and led her to take additional steps before making the payment.

- The rate of return offered was too good to be true and should reasonably have caused concern. In the call shortly before the scam payments were made Mrs G was told that the rate of interest in the UK was around 1%. A few weeks later Mrs G was expecting to receive around £50,000 over five years after paying £5,000. I consider this rate of return was too good to be true and should have raised concerns and led Mrs G to take additional steps before making the payments.

Should Barclays have done more to try to prevent the scam and protect Mrs G?

I'm also mindful that when Mrs G made these payments, Barclays should fairly and reasonably also have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud. If Barclays identified a scam risk I'd expect it to have a conversation with Mrs G about the reason for the payment and to provide scam advice (as Barclays did when it spoke to Mrs G a few weeks before she made the scam payments).

I don't think Barclays should have been concerned about the first payments Mrs G made as they were relatively low in value and broadly in line with normal spending on the account.

It seems that Barclays did flag one of the payments Mrs G made to the scammer and I believe it was the last payment. I can't see that a conversation took place about the payment. But I don't think it matters to the outcome of this complaint. I say this because if I thought Barclays should have done more when the payments were made, I'd then need to

consider whether I should make a deduction to reflect Mrs G's contribution to her loss. For the same reasons I've concluded that Mrs G didn't have a reasonable basis to believe the investment was genuine, I'm persuaded that I'd reduce any award I made by 50%. As Barclays has already refunded 50% of Mrs G's loss, I don't consider it needs to do anything more.

I've also considered Barclays' actions once it was made aware of the scam. Barclays contacted the bank that received Mrs G's funds the day the scam was reported so I'm satisfied it acted promptly to try to recover Mrs G's funds. I'm also satisfied that Barclays' offer of compensation for not offering a partial refund when it first considered Mrs G's claim was reasonable and so am not asking it to pay anything more.

Overall

I consider Mrs G didn't have a reasonable basis for believing she was making a legitimate investment. I'm sorry to have to disappoint Mrs G, but I think Barclays' assessment of her fraud claim under the CRM Code is fair, so I'm not asking Barclays to make any further payments to Mrs G.

My final decision

For the reasons I've explained I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 30 August 2022.

Jay Hadfield
Ombudsman