

The complaint

Mr S complains that Barclays Bank UK PLC unfairly closed his account and lodged a marker with CIFAS – a national fraud prevention service.

What happened

Mr S explained that he was approached by a friend to invest in crypto trading and promised a large percentage (approx. 40%) of the eventual profits for helping. Mr S was asked to open various accounts with online financial merchants including a crypto merchant. Mr S provided his bank account to his associates and also gave them his debit card for them to use when moving funds.

Mr S explained that one of the other persons set up a new version of his banking app on a different device and used this to move funds. Mr S received over £5,000 into his account which Barclays later confirmed was as the result of a fraud. Mr S denied knowing anything about the source of the funds and didn't realise that crypto funds belonged to anyone in particular.

The second device registered on Mr S's account was also used to send a small payment to another of Mr S's accounts some days before the fraudulent funds were received. The fraudulent funds were paid out to a crypto merchant soon after they were received into his account. The account for the crypto merchant was set up a week or so before the receipt of the fraudulent funds and a few small payments were made to it from Mr S's account.

Once Barclays were aware of the fraudulent payment, they blocked Mr S's account and then closed it. When Mr S spoke with Barclays about what had happened, he told them the funds were related to selling car parts on a popular trading website. Mr S later admitted this was incorrect and he was given this story by the people he was working with. After investigating the matter, Barclays lodged a marker with CIFAS – a national fraud prevention organisation.

Mr S complained to Barclays about the closure of his account and eventually also the CIFAS marker. Barclays looked into Mr S's complaint and didn't change their position. Mr S remained unhappy with how Barclays had dealt with his complaint and brought it to the Financial Ombudsman Service for an independent review.

It was looked into by one of our adjudicators who asked both parties for information about the complaint. Mr S explained that he was coached about what to do and what to say to Barclays. He was only involved to obtain funds to invest in his own online business. He didn't believe the funds he received were owned by anyone because it was to do with crypto trading. Mr S didn't know the funds were from fraudulent activity. Mr S provided various message exchanges with the person who was advising him to show that he (Mr S) was questioning the arrangement at the time. He also provided information about trying to track the crypto funds to identify their location and who owned them.

Barclays provided details of the fraudulent funds from the sending bank and their own analysis of what they believed had happened. This included details of the devices registered to use Mr S's account and how the account was operated, including how Mr S emptied his

account prior to the funds arriving in it. Mr S later accepted he'd done this because he didn't want them to be mixed up with the incoming payments. Barclays believed the emptying of the account was to prevent Mr S's own funds being retained if there was ever a problem with the transfers.

Our investigator considered the evidence and thought it was reasonable for Barclays to close the account and lodge the CIFAS marker. Mr S disagreed and believed he was an innocent victim of the situation. He asked for a further review of his complaint, which has now been passed to me for a 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.

The adjudicator explained what the required standards were that Barclays had to meet when they lodged a marker with CIFAS. In summary this means that Barclays had to have reasonable grounds that a fraud had been committed. Once they received evidence from the sending bank about the source of the money – I think it was reasonable for them to satisfy this requirement.

The second aspect is that Barclays had evidence that was clear, relevant, and rigorous. It must be of the standard that they could confidently report the matter to the police. Here, Barclays had the report from the sending bank and their own analysis of what happened. The crux of this complaint is whether the interpretation of the evidence is a fair one from Barclays perspective or whether it's more likely that Mr S was an innocent victim of someone else's fraud.

When I've examined the available evidence, it's apparent that Mr S was being coached when he opened various accounts and was unfamiliar with some of the processes. It's also apparent from some of the messages he's provided that he was concerned about the arrangement prior to the receipt of the fraudulent funds. But he was also content to allow them to proceed.

The payments into and out of his account also raise a question of Mr S's knowledge about what was happening. At one point the second device (which Mr S says is operated by one of his associates) sends a payment from Mr S's account to another account in his name. This happens prior to the fraudulent payments being received. The payment is for a small amount and appears to be Mr S's own money. I'd question why his associate would log into Mr S's account to then send Mr S his own funds?

The second device logs in and out of the account, also making small payments to the crypto merchant prior to the receipt of the fraudulent funds. During that time, Mr S's own device is also logging in and out to move funds. What this says is that I think Mr S was aware what was happening with his account and the various comings and goings from it.

Prior to the receipt of the funds, Mr S reduces the amount of money in his account to 43 pence. An unusual way to treat the account, but not if Mr S was concerned about his own funds being caught up with the fraudulent ones. I think the movement of these funds is indicative that Mr S was nervous about the arrangement, but not enough to abandon it. Mr S was told he'd receive a 40% fee for his involvement in the movement of the funds, but all he'd done was open accounts with other merchants and use his own account to receive the funds, allowing them to be sent on. Mr S hadn't invested his own funds (beyond a few pounds) into the crypto account, so I'm not sure how he thought he was going to profit to such a large extent.

His explanation that he didn't think the funds belonged to an individual (because they were crypto) is one I find difficulty in believing. Surely the whole point is that someone owns the funds, otherwise where did they come from?

When Barclays asked Mr S about the source of the funds, he was prepared with an answer supplied by his associates. He gave Barclays a story which he later admitted was wrong. Mr S blames his associates for this, and whilst I accept they gave him the story – Mr S seemed content to try and spin a lie to Barclays, no doubt in the hope that they would be happy with his answer.

It's clear that Mr S had some misgivings about what was happening, but I think there was sufficient time for him to stop the activities or report the matter to Barclays. Mr S later said he was scared due to "gang" pressure from his associates, but there's no evidence in the many text messages that Mr S sent, that he was being forced into this. More so how to carry out the various steps to move the fraudulent funds or provide Barclays with a fabricated story.

Taking everything into account, Mr S handed control of his bank account (including handing his debit card over and giving them his logon details – including generating a code to allow the second devices registration) and set up other accounts (specifically the crypto account) that enabled the movement of fraudulent funds into his account and then transferred to crypto – making them highly unlikely to be able to be retrieved. Mr S later attempted to track them down with little success. Whilst I appreciate his efforts – the issue here is did Barclays meet the standard for reporting to CIFAS?

I think they did, Barclays evidence points to Mr S having some knowledge about what was happening, he lied to them in an attempt to cover what had actually gone on and was due to profit from the venture. I'm satisfied they had sufficient evidence to lodge a marker with CIFAS and I won't be asking them to change this.

Regarding the closure of Mr S's account, once Barclays determined Mr S's role in this, he was in breach of the agreement to operate the account. Barclays were within their rights to close it immediately and I won't be asking them to do anything more about this.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 August 2022.

David Perry
Ombudsman