

The complaint

X complains that Barclays Bank UK PLC (Barclays) is refusing to refund him the full amount he lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary X was contact by someone (F) on LinkedIn explaining he could help X trade and make money. F sent X a link to a trading website that he says was very convincing showing current stock prices. The website also offered contact information, a chat facility and an FCA registration number.

X opened an account via the website provided by F, which he was able to access using a username and password he had chosen. X was told F would trade on his behalf in Bitcoin and requested an initial deposit be paid.

Upon F's request X downloaded the screensharing application AnyDesk so that F could walk X through the trades that were being made and help him with making payments.

X was able to see his investment growing so continued to make further payments as requested by F.

When X decided to make a withdrawal from the investment further fees were requested to cover the cost of a "withdrawal certificate". X made the payment but was still unable to make a withdrawal. F asked for further funds and it was at this point that X realised he had fallen victim to a scam.

With F's help X made the following payments into the scam via cryptocurrency exchanges:

<u>Date</u>	<u>Merchant</u>	<u>Payment Method</u>	<u>Amount</u>
6 August 2020	Coinmama	Debit Card	£41.35
6 August 2020	Coinmama	Debit Card	£41.35
6 August 2020	Coinmama	Debit Card	£620.19
13 August 2020	Coinmama	Debit Card	£2,073.45
17 August 2020	Coinmama	Debit Card	£107.55
20 August 2020	Coinmama	Debit Card	£49.47
24 August 2020	Coinmama	Debit Card	£1,239.42
14 September 2020	Binance	Debit Card	£805.19
14 September 2020	Blockchain	Debit Card	£50.00

Barclays accepted the transactions X was making in relation to the scam were unusual compared to the usual operation of his account and that it should have done more to prevent the scam. Although Barclays also thought X should have done more and agreed to refund him 50% of the total he had lost.

Our Investigator considered X's complaint and thought X had fallen victim to a complex scam that he couldn't reasonably have been aware was a scam. So, she thought the complaint should be upheld and that Barclays should refund X in full for the money he had lost.

As Barclays didn't agree this complaint has been passed to me to decide.

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.

Recovering the payments X made

Barclays was unable to process a chargeback for the payments X made in relation to this scam to Coinmama, Binance and Blockchain.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

X was dealing with F, which was the person that instigated the scam. But X didn't make the debit card payments to F directly, he paid separate cryptocurrency exchanges (Coinmama, Binance and Blockchain). This is important because Barclays was only able to process chargeback claims against the merchants he paid, not another party (such as F).

The service provided by Coinmama, Binance and Blockchain would have been to convert or facilitate conversion of X's payments into cryptocurrency. Therefore, Coinmama, Binance and Blockchain provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants X paid. As Coinmama, Binance and Blockchain provided the requested service to X any chargeback attempt would likely fail.

X has accepted he authorised the payments he made, so the starting point here is that X is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

Barclays has already accepted the payments X made in relation to this scam were unusual compared to the way his account was operated generally and that it should have done more to prevent the scam. But Barclays also said X should share some of the responsibility. It says the high returns promised by F were unreasonable and that X could have carried out more research himself.

Did X contribute to his loss?

I have thought about what Barclays have said, but I don't agree. I think X has fallen victim to a complex scam and that included persuasive tools used by F to build confidence with X that the payments he was making were to a genuine investment.

Although the returns offered by F were high, X had not made investments in cryptocurrency before and was told the high returns were feasible as the investments were being made into Bitcoin mining. F appears to have been very persuasive and convincing when speaking to X.

However, had Barclays intervened as it should have when X started to use his account in an unusual manner and asked him relevant questions about the payments, he was making I think it would likely have found that X was being scammed and been able to prevent the payments being made.

Overall, I don't think X contributed to his loss so I think Barclays should refund X all the payments he made into the scam.

Putting things right

Barclays Bank UK PLC should refund all the payments X made in relation to the scam less any refunds received. To compensate X for having been deprived of this money, Barclays Bank UK PLC should also pay X interest on the loss at 8% simple per year, calculated from the date of loss to the date of settlement.

My final decision

I uphold this complaint and require Barclays Bank UK PLC to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 6 July 2023.

Terry Woodham
Ombudsman