

The complaint

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

Mr F is being represented by a third party. To keep things simple, I will refer to Mr F throughout my decision.

What happened

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

In summary Mr F was searching the internet for an investment opportunity when he came across a business, I will call X. After considering other investment opportunities Mr F decided to complete the contact form on X's website.

X contacted Mr F via WhatsApp and explained the process of setting up an account with it. X also explained the Mr F could make a lot of money if he invested.

Mr F opened an account with X and initially deposited a small amount. X then persuaded Mr F to deposit more funds to maximise his returns. Mr F realised he had fallen victim to a scam when X consistently requested more and more money from him.

Mr F made the following payments to X using his debit card via the legitimate cryptocurrency exchange Moonpay:

1. 13 May 2021 - £3,871.20
2. 25 May 2021 - £110.67
3. 25 May 2021 - £270.95
4. 6 September 2021 - £119.35
5. 20 September 2021 - £56.69

Mr F has been unable to recover any of the funds he sent to X because of the scam.

Our Investigator considered Mr F's complaint but didn't think it should be upheld. Mr F disagreed, so 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.

Barclays was unable to process a chargeback for the payments Mr F made in relation to this scam to Moonpay.

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.

Mr F was dealing with X, which was the business that instigated the scam. But Mr F didn't make the debit card payments to X directly, he paid a separate cryptocurrency exchange (Moonpay). This is important because Barclays was only able to process chargeback claims against the merchant he paid (Moonpay), not another party (such as X).

The service provided by Moonpay would have been to convert or facilitate conversion of Mr F's payments into cryptocurrency. Therefore, Moonpay 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 merchant Mr F paid. As Moonpay provided the requested service to Mr F any chargeback attempt would likely fail.

Mr F has accepted he authorised the payments he made to Moonpay, so the starting point here is that Mr F 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.

The question here is whether Barclays should have been aware of the scam and stepped in to prevent the payments Mr F was making.

All the payments Mr F made into the scam were for relatively low amounts to a legitimate business. The payments were also made over several months. So, I wouldn't have expected the payments to trigger Barclays' fraud prevention systems.

Mr F has explained that one of the payments was for a larger amount (£3,871.20) and that he feels this should have caused Barclays to have concerns. But this payment was not significantly high, and it would not be reasonable for me to say Barclays has to stop all larger payments its customers make to legitimate businesses.

As I think it was reasonable that Barclays' fraud prevention systems were not triggered by the payments Mr F was making, Barclays would not have been aware of the scam and did not miss an opportunity to prevent it. So, Barclays is not responsible for Mr F's loss

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 26 April 2023.

Terry Woodham
Ombudsman