

The complaint

Ms K is unhappy with Barclays Bank UK PLC's decision to not refund her after she fell victim to a scam.

Ms K is represented by a claims management company.

What happened

Ms K says that, in January 2022, her friend presented an opportunity to make some money. The premise was that Ms K would have to complete tasks on social media, via an app, and that she'd be paid for the tasks she completed. To gain access to these tasks, users would have to pay an 'unlocking fee'. When tasks were completed, users could expect a payment of between £0.40 and £0.80 per task.

Ms K downloaded the app and made her first payment of £1,015 to a new payee on 12 January 2022. Ms K has said that before doing so she checked reviews on Google, YouTube, and Facebook. Ms K didn't know at the time, but she was falling victim to a scam.

Ms K was given access to tasks on the app and was invited to join a community WhatsApp group.

Believing the opportunity to earn an income to be genuine, Ms K went on to make four more payments, to four more new payees, over the course of a month. In total she sent a further £3,008 through her online banking.

On 14 February 2022 the app stopped working and it was revealed that Ms K had been the victim of a scam. She contacted Barclays seeking a refund.

Barclays investigated but said it couldn't help. It said the claim wasn't within scope of the Contingent Reimbursement Model (CRM) Code and so a refund wouldn't be offered.

Barclays did contact the banks the money had been sent to, to see if anything could be recovered. But Ms K's money had been removed from those accounts and none was returned.

Ms K was unhappy with Barclays' response and so brought the complaint to our service. One of our investigators considered what had happened and said Barclays needn't refund Ms K.

In referring the complaint to our service, Ms K's representatives have stated the following:

- The friend that had introduced Ms K to the app had shown she'd had £100 paid into her bank account for the tasks she'd completed;
- Ms K saw the company behind the app was registered on Companies House and had the corresponding documentation.

Our investigator did consider Ms K's claim under the CRM Code, contrary to what Barclays had said, but found one of the exceptions to reimbursement (given under the Code) applied. She said that Ms K lacked a reasonable basis for believing she was making a legitimate payment for legitimate purposes.

Our investigator couldn't see that Ms K had carried out sufficient checks on the company behind the app. She could find little evidence of positive reviews for the company or the app. And she pointed out that the company hadn't appeared on Companies House until after Ms K had made most of the payments connected to the scam.

Our investigator also questioned the earnings Ms K was promised, describing them as unrealistic.

Ms K and her representatives disagreed and so the case has been passed to me for a final 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.

I'm sorry to hear that Ms K has fallen victim to a cruel scam. I've no doubt she engaged with this apparent opportunity to earn money in good faith. But I'm afraid I won't be upholding her complaint. I'll explain why.

Barclays is a signatory to the Lending Standards Board's CRM Code. Broadly speaking, the Code is in place to see victims of scams refunded by their bank. But there are exceptions to reimbursement that might apply. I'm satisfied that, in Ms K's case, one of those exceptions comes into play

Barclays said that it didn't think the Code applied in Ms K's case. That appears to have been on the basis that Ms K had been caught up in a Ponzi or pyramid scheme. But the LSB has confirmed that such schemes are covered under the CRM Code. So Barclays' response to the complaint was wrong. But that doesn't mean Ms K is necessarily due a refund. The considerations under the Code – including the exceptions to reimbursement – still need to be applied.

There are two exceptions set out in the Code that are relevant to this complaint. Barclays can fairly decline a refund if it can be shown that:

- Ms K ignored effective warnings given by Barclays at the time payments were being made; *or*
- Ms K lacked a reasonable basis for believing she was transacting with legitimate parties for legitimate purposes.

I'm satisfied the first exception to reimbursement – ignoring effective warnings – doesn't apply here. Ms K was likely presented with a warning each time she made a payment to each of the new payees through her online banking. The warnings would have been varied, and at times unrelated to what Ms K was doing, given the payment purpose she selected each time: investment or crypto currency, partner or love interest, buying a physical item, and bill or invoice or tax.

I don't know why Ms K picked these different payment purposes and I've not seen evidence of exactly what warnings Ms K saw. But I don't need to in this case. That's because I don't find that Barclays had to provide what the Code defines as an effective warning.

The payments made by Ms K weren't exceptional and they didn't clearly stand out as a fraud risk. Whilst I don't doubt the loss suffered by Ms K is significant, the individual payments weren't for particularly large amounts and didn't represent a worrying change in the normal operation of her account. I say as much having thought about the value and frequency of payments she's made before.

With that in mind I'm satisfied Barclays did enough in presenting the warnings it did and there's no further assessment to be made as to whether Ms K ignored them.

The second exception to reimbursement involves a consideration of whether Ms K held a reasonable basis of belief that what she was doing was legitimate. I don't believe she did, and so the exception to reimbursement can be fairly relied upon.

Ms K has said a friend recommended the app and opportunity to her. And whilst I can understand why Ms K might have put faith in her friend's recommendation, I don't find it's enough to have established a reasonable basis of belief. Ms K needed to carry out her own checks to satisfy herself all was as it seemed.

Ms K's representative has said that she was shown her friends online banking, which included a £100 deposit into her account from the work she'd carried out on the app. That piece of information doesn't ever seem have been presented to the bank by Ms K. The first mention of it seems to come from the representative, and only after our investigator had issued her opinion and raised some further questions, specifically addressing this point.

When then asked to present any evidence of the payment Ms K saw, the representative has said that the friend can no longer be contacted. That's despite the friend being described as very close, with Christmases spent together. It seems strange that the friend is now uncontactable. With those points in mind, I'm not persuaded Ms K did see an actual payment into her friend's bank account.

Ms K's representative has also said she found the company on Companies House and that she was presented with the documentation connected to its registration, all before signing up and sending payments. But I'm not persuaded that's what happened.

I say as much because the Companies House registration, and all the documentation the representative has sent to us, is dated either 9 or 10 February 2022. By that date Ms K had already made four out of the five payments to the scam. And so she couldn't have seen the registration or documents at the start; they didn't exist. What this means is that Ms K couldn't have carried out any checks to satisfy herself that the company was legitimately registered in the UK or, if she did try, she would have found nothing.

Ms K has said that she saw positive reviews on Facebook and Google. Such reviews can't be found now and there's little evidence to show they existed. Ms K's representative has provided a Google screenshot it says was taken at the time. But there still appears to be little in the way of independently verified reviews on that screenshot.

I've seen several screenshots of the WhatsApp group Ms K joined after registering on the app. Whilst there are messages from people stating that they've earned bonuses and payment for tasks, all confirmations appear to be from within the app; there's nothing to show payments to bank accounts. And there also would have been no way for Ms K to verify anything that was posted in the group. It's also true that much of what Ms K might have seen would have been posted after she'd already sent money to the scammers, and so couldn't have been used to inform her basis of belief at the time those payments were being made.

It seems more likely than not to me that Ms K largely, perhaps even solely, relied on the recommendation of her friend. Which I can't say is enough to have established her reasonable basis of belief.

I can see that Ms K paid five different payees over the course of the scam. None of the payee names matched the name of the company Ms K believed she was getting involved with. But she never seems to have questioned why the payee names were different or why they kept changing with each payment. Those are features that I find it's fair to say ought to have caused some concern.

I do think the premise of what Ms K was getting involved in is also questionable. I know there was a convincing app. And I know there is evidence to suggest that social media tasks can be legitimately undertaken to generate something of an income. But here, Ms K was told she'd have to pay large upfront fees to be able to access such tasks. It seems unusual that any legitimate employer would require payment from its staff, and this represents a

concerning feature of the scam. It's also the case that Ms K appears to have not been sent any agreement and she signed no terms of employment (or similar) that might have suggested the company she was engaging with was legitimate.

I know many people fell victim to this scam, and I've acknowledged there was a convincing app. But those factors don't change my findings on Ms K's basis of belief. It seems to me there was little Ms K did to satisfy herself the opportunity was all it was advertised to be. And I find it's reasonable for the exception to reimbursement to apply.

The evidence Barclays has provided regarding the recovery of funds is limited. But it does indicate that it contacted the receiving banks quickly and that no funds remained. That's consistent with what's been seen on other complaints involving the same scam. The receiving accounts were quickly emptied once credited, and so I'm satisfied there was no opportunity to recover Ms K's money.

My final decision

I don't uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 21 July 2023.

Ben Murray
Ombudsman