

The complaint

Miss A has complained that Barclays Bank UK PLC won't refund transactions she says she didn't make or otherwise authorise.

What happened

In autumn 2022, Miss A was abroad. She says was using her phone a lot in a restaurant and someone must have overlooked her entering her passcode. She says her bag was swiped from her when she left the restaurant, with her phone, purse, and debit card inside. She disputes all the transactions which happened from that point, totalling about £2,400.

The transactions were mostly made to gambling companies, most of which Miss A had used before, and the winnings were paid back to Miss A. There were also payments to Miss A's family and associates, transfers from her savings, and cash withdrawals and card payments both in the country she was on holiday in, then later in her local area in the UK. The disputed payments started a number of days after Miss A says her bag was stolen, and happened over the course of several weeks.

Miss A explained she kept all her passcodes written down in her phone, and she used the same number – based on her birthday – for her phone, online banking, and PIN, so they would've been easy to guess or find out. She said she didn't report things to Barclays at the time because her child was unwell and the call costs were too high. She couldn't provide a police report as the police wouldn't help her. She said she didn't have to replace her passport or keys as they were kept elsewhere, and she was still able to fund the rest of the trip as she had cash in a separate purse also kept elsewhere. She says she returned to the UK just after the disputed payments finished, but could no longer find evidence of her flights.

Barclays held Miss A liable for the payments in dispute. They noted that many of the payments had been made from Miss A's usual IP addresses, or were in her local area despite her bag reportedly being stolen in another country.

Our investigator looked into things independently and didn't uphold the complaint. They noted that the disputed payments hadn't started until several days after Miss A says her bag was stolen, were made slowly, fit with her usual spending, and included payments to associates of Miss A.

Miss A appealed, so the complaint's 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.

Broadly speaking, Barclays can hold Miss A liable for the payments in dispute if the evidence suggests that she authorised them.

I'm satisfied from Barclays's technical evidence that the payments in dispute used Miss A's genuine card and card details, the correct PIN, her registered mobile phone, and her online banking security details. So I can see that these transactions were properly authenticated. The question, then, is whether the evidence suggests that it's most likely Miss A consented to the transactions, or not.

Having carefully considered everything that both sides have said and provided, I don't think it's unreasonable for Barclays to hold Miss A liable for the transactions in dispute. I'll explain why.

It is technically possible that a thief could have watched Miss A use her phone, stolen her bag with her phone and card, and learned her PIN and security details. But I don't think it's likely or plausible in this particular case.

I would expect a thief to try to take as much money as possible, as quickly as possible. Customers would normally report such theft straight away and get their account blocked, so a thief would need to act very quickly. But here, the disputed payments don't start until several days after Miss A says her bag was stolen. And it's not plausible a thief would wait that long to start taking money. They could not have known that Miss A would wait several weeks to report things to Barclays.

Similarly, the disputed payments were made quite slowly, over the course of several weeks, for usually quite small amounts. So the person using the account was not spending nearly as much as they could have. That doesn't fit with what a thief or fraudster would do, but does fit with the payments being genuine authorised spending.

The disputed payments even include payments to Miss A's family and associates, matching up with her previous payments to these people. It is not plausible that a fraudster would give money to Miss A's friends and family, but it does fit very well with the possibility that the payments were authorised.

Much of the spending was to gambling merchants, some of whom already had Miss A's card details because she used them herself before. A thief or fraudster would get no benefit from paying these merchants, as any winnings would be paid back to Miss A. Indeed, I can see that she received a number of winnings payments during the disputed period. It's not plausible that a fraudster would try to make money for their victim, but this activity does fit well with the possibility that it was genuine authorised use of the account.

Importantly, while the disputed payments start off being made abroad, where Miss A was on holiday, they go on to be made back in the UK, in Miss A's local area, at merchants she previously used herself. This includes spending at Miss A's local supermarkets, local restaurants and take-outs, her holiday provider, the pet supplies shop she previously used, her usual local bingo hall, and top-up payments to her utility company. It is not credible that a thief abroad would just happen to travel to the UK at about the same time Miss A did, go to where Miss A lived, and spend money at the places that Miss A normally would – including for her usual shopping and bills. But it fits very well with the possibility that the spending was in fact genuine.

It's also important to note that much of the disputed activity was made from IP addresses which match the ones Miss A previously used for her genuine online activity, back at home in the UK. Again, it is not likely or plausible that a thief from abroad could do this, but it very much supports the possibility that the disputed activity was authorised.

If Miss A's bag was taken from her person, and it carried essentials like her phone and bank card, then she would have known almost straight away that it was gone. Yet she didn't tell Barclays anything was wrong for about three weeks. It is unlikely that Miss A would wait so long to report things if her card and phone were really stolen.

Miss A said she was distracted at first because her child was unwell. But while I understand that her child must come first, it's not plausible that this would prevent her from contacting Barclays for several weeks. Miss A also said she didn't report things because the call costs were too high when calling from abroad. But if Miss A's phone had been stolen, then she wouldn't have called on her own phone anyway – she would've had to borrow someone else's phone, such as at her hotel. So the call costs would not have been relevant to her. Further, the money Miss A stood to lose to fraud far outweighed any such call costs, so it wouldn't make sense for her to allow the fraud to carry on just to save on call costs.

Lastly, I've not seen any evidence which shows or substantiates that these payments were unauthorised, nor any evidence that makes it seem implausible or unlikely that Miss A could've authorised these payments or given someone else permission to make them.

In summary, based on the evidence, it is not likely or plausible that the disputed payments were made by a thief from abroad, as Miss A said they were. Whereas the evidence strongly indicates that the payments were made with Miss A's consent. So I think it's fair for Barclays to decline a refund in this case. This is a difficult message for me to give, and I know it's a difficult message for Miss A to receive. But given the evidence I have, and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

I also understand that Miss A is unhappy Barclays blocked her account. But they were supposed to do that after she reported she'd been defrauded, in order to stop any further potential fraud from happening. And I do understand Miss A is unhappy that Barclays closed her account. But similar to how Miss A can choose who she banks with, Barclays can broadly choose who banks with them. I can see that they closed the account in line with the terms and conditions. So I don't think they handled things inappropriately.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 May 2023.

Adam Charles
Ombudsman