

## **The complaint**

Miss P complains Barclays Bank UK Plc (“Barclays”) won’t refund payments and account transfers she didn’t authorise. Miss P says she’s had more than £80,000 stolen from her accounts. Miss P adds that Barclays has provided poor customer service and it’s closed her accounts without explanation.

## **What happened**

Broadly, Miss P says a substantive number of transactions weren’t made from her account from late 2019. She has said that from January 2021 until March 2021 she was critically ill and hospitalised – so any payments during this time were not authorised by her. Miss P also says she was hospitalised and incapacitated between September 2021 until October 2021.

Miss P reported these disputed transactions to Barclays. Both parties are aware of the transactions in dispute, so I won’t repeat them here.

Miss P called Barclays in December 2021 and reported over 30 transactions she disputed making. Barclays administered pre-credits for around £3,150 of the disputed transactions Miss P had raised.

Later in January 2022, Miss P informed Barclays that she had authorised many of the transactions she previously disputed that were made to specific merchants. They amounted to around £1,800.

So Barclays reconciled this against what it had previously refunded Miss P and debited her account accordingly. Barclays agreed to refund Miss P the remainder of transactions she’d raised and that were still in dispute. After removing any duplicates, Barclays refunded Miss P the remaining balance. It later transpired that some refunds hadn’t been made. Barclays looked into this and offset the refunds against the current account overdraft debt Miss P owed it.

Miss P says she didn’t open a savings account in 2021 with Barclays. She adds that this account was used by unknown individuals to carry out sustained and sophisticated fraud through hacking her internet wi-fi network and personal devices. She says they also fabricated bank statements and intercepted her post to carry out account transfers of over £80,000 from her accounts.

Miss P says that funds were sent to accounts including an illegitimate one using her brother’s name. Miss P says that both the Police and Action Fraud have concluded that she has been the victim of fraud committed against in her in this way.

On 4 January, Barclays sent Miss P notice that it was closing her accounts in two months’ time.

Unhappy with the outcome to her claim against the disputed transactions and transfers made from her account, and the account closures, Miss P complained. Barclays didn’t uphold Miss P’s complaint. In summary, Barclays said:

- Miss P called Barclays three times over December 2021 to report transactions she didn't authorise. These were refunded on a pre-credit basis whilst Barclays investigated them. In January 2022, Barclays started to hold Miss P liable for some of them. A couple of days later Miss P called Barclays to cancel some of the outstanding claims as she had remembered making those payments
- On 13 January 2022, Barclays' staff member spoke to Miss P and said it would be taking all the pre-credits back from her accounts
- Miss P called back and reported more transactions as disputed and pre-credits were once again made by Barclays whilst it investigated
- On 18 January 2022, Barclays removed all pre-credits from Miss P's account making her overdrawn by around £1,100. In February 2022, Miss P went into a Barclays branch and withdrew around £1,050 which consisted of her benefits. This took her overdraft balance to around £2,200
- Barclays hasn't made an error in the way it investigated the fraud claims, administered pre-credits, and later withdrew them. Nor has it made an error in closing Miss P's accounts which was done in line with its terms and conditions

Unhappy with what Barclays said, Miss P referred her complaint to this service. One of our Investigator's then began looking into her complaint.

Barclays told our Investigator that it had failed to properly communicate that it would not pay Miss P any refunds for the transactions she later said she had made and erroneously disputed. And that it didn't make it clear to her that any refunds would be offset against any debt she owed. Because of this it offered Miss P £100 compensation.

Miss P didn't accept this. Our Investigator then sent her their outcome in which they recommended the complaint isn't upheld. In summary, some of their key findings were:

#### *Disputed transactions*

- Miss P raised disputed transactions several times in 2021 with Barclays in addition to those raised in December 2021. Given the discussions, and frequency of them, it's reasonable to assume Miss P was reviewing all her account statements in detail. And that all disputed transactions would have been identifiable by her
- After reviewing Barclays' internal records, and listening to calls it provided, the list provided by it to show the transactions in dispute is accurate. This list was shared with Miss P who hasn't made any further submissions. So as this list accurately reflects the transactions identified as in dispute – of around £3,250 - they will only be considered as part of this complaint
- Of the £3,153.72 of transactions reported to Barclays, £303 was identified by it as duplicates of those previously raised. Miss P acknowledged she had made £1,766.86 of transactions she'd previously said she hadn't. Barclays agreed to refund the remaining transactions of £1,083.86
- The account statements show that on 24 December 2021, and 29 December 2021, Miss P received £2,850.72 in pre-credits relating to transaction she'd raised – and that were on Barclays' list
- Pre-credits are temporary refunds Barclays can make ahead of a proper review of

disputed transaction claims. If following such a review Barclays hold a customer liable, they will take refunds back

- Barclays debited Miss P's account on 18 January 2022, and on 1 February 2022, for a total of £1,766.86. This represented it taking back the pre credits for transactions Miss P later said she had made after initially saying she hadn't. This meant Miss P was left with £1,083.86 of pre credits that accurately reflected the disputed transaction Barclays had agreed to refund her
- Barclays hasn't made any errors and refunded the transactions Miss P disputed. So it doesn't need to take any further action on this part of Miss P's complaint
- During its investigation Barclays had given Miss P incorrect information about whether transactions had been refunded or not. Because of that Barclays offered Miss P £100 compensation. This is fair

#### *Account transfers*

- Miss P says that unauthorised transfers were made from her accounts between December 2021 and January 2022. After reviewing Miss P's accounts, the transfers made from her current account during this period amounted to £81, 035. The transfers were all made from Miss P's mobile banking. Funds were being transferred from the savings account to the current account to facilitate the transfers out
- Miss P has said she made genuine transfers during this time to her partner and close relatives of about £18,250. But that she didn't make payments to an account mocked up to look like her brothers, and to at least four other beneficiaries
- To have made those transfers someone would have needed access to Miss P's phone, known the five-digit mobile banking login code, have set-up the payees, and moved funds between the savings and current accounts
- Miss P says her phone had been hacked and that she had evidence of this from the Police and the phone manufacturer. But the Police said they didn't have any evidence like that, and the phone used to carry out the transaction was from another brand and had been registered by her with Barclays
- Miss P says her phone had been hacked from December 2020 by a solicitor. But the phone that was used to make the transfers was only registered in April 2021. So, there isn't persuasive evidence Miss P's phone had been hacked
- A third-party would have needed to take and replace Miss P's phone several times over a prolonged period to have been able to make the transfers. Miss P didn't report her phone lost or stolen. A fraudster would also have needed the PIN to access the phone. There's no evidence to show how this could have happened
- Miss P says she downloaded the mobile banking app in late 2021 and didn't use it until that point. But on a telephone call Barclays provided from April 2021, Miss P was guided through registering her mobile phone, downloading the app and setting it up. So Miss P had access and the use of mobile banking from April 2021
- Barclays' records show regular logins made to mobile banking, and payments made from it from April 2021. Miss P hadn't reported any of the mobile banking transactions before 13 December 2021 – and she was using mobile banking regularly during that period. Miss P would also have been aware of the account balance and transactions

made from the account

- There are payments made from the mobile banking service to beneficiaries before December 2021 which haven't been disputed. But payments to the same beneficiaries after this date are disputed. Because of this it's not clear why these payments are being disputed
- Miss P says a payment received from her brother for £17,000 was repayment for a loan she'd made to him in December 2021. But payments to an account in a similar name were not to a legitimate account – but one set-up by fraudsters. But Miss P hasn't sent copies of her brother's statements as she said she would
- Barclays' records show that payment transfers made to the brother's alleged fraudulent account are from the same account she paid £17,000 from in December 2021. And it's the same account for payments made to him in June, July, August, and October. So it's not clear why these transfers are being disputed given previous genuine payments aren't being disputed
- Miss P says she didn't recognise payments with the reference 'loan repayment'. But Barclays' records show that it carried out a check on 13 January 2022 for a payment of £3,500 with that reference. Miss P verified this payment on that check. So any other payments to that beneficiary should be considered as authorised
- Most of the payment transfers had family related references. It's not typical of a fraudster to act in this way nor for them to carry out fraud over such a continued period due to the risk of being identified. It's more typical for a fraudster to clear out accounts more quickly
- As Miss P was accessing her mobile banking app, and analysing her statements to report dispute transactions, it's unlikely she would not have been aware of the transfers she now disputes
- After considering all the evidence, it's unlikely a third-party would have been able to make the transfers which Miss P says she didn't authorise. It's more likely that Miss P was aware of these transfers and authorised them

#### *Account Closure*

- Barclays applied its terms fairly in closing Miss P's account and it isn't obliged to give an explanation

#### *Service issues*

- Miss P had over 200 contacts with Barclays in the year leading up to the accounts being closed – and she's had several health issues, some quite serious, during that time. It's understandable given the number of contacts with Barclays that Miss P may have found matters stressful and frustrating. But there isn't evidence of any specific interaction that shows Miss P was treated unfairly

Miss P didn't agree with what our Investigator said. Some of the key points she's made in response are:

- She now has additional information which proves her wi-fi router was hacked in 2021 and that fraudsters connected to her network, accessed devices and any security credentials associated with them

- Her wi-fi router at her previous address had also been hacked in a similar way in 2020. She has provided sufficient evidence to show she has been the victim of fraud perpetrated through the hacking of her devices and wi-fi network
- She wouldn't have been able to carry out any of the transactions and transfers in dispute for when she was hospitalised. Her health, and the medical procedure required, meant she wouldn't have been able to speak to Barclays for at least four months after March 2021. So it must have been a fraudster that called Barclays in April 2021 to set-up the bank account
- Barclays has failed to follow the correct procedure in handling her claim
- She has suffered from poor customer service and was shouted at by one of Barclays' branch managers who called her fake and a criminal
- Evidence on the internet shows that all online transactions should be followed instantly by an email from the bank with a receipt attached. This wasn't done and is evidence that she didn't make the transfers

Miss P also sent in evidence to support her complaint. This ranges from handwritten notes to pictures of mobile phone screens. She's also sent in the Financial Conduct Authority's ("FCA") consultation paper on Authorised Push payments dated February 2018, to support her complaint.

As there's no agreement, this complaint has now 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.

Having done that, I've decided to not uphold this complaint. I note how strongly Miss P feels about this – so, I'll explain why. I would add here that where there is inconclusive or missing evidence, I can reach findings on what I think is most likely to have happened - the balance of probabilities.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Miss P and Barclays have said, all reviewed the information they've provided, before reaching my decision.

### ***Disputed transactions***

In short, Barclays is required to refund the amount of an unauthorised transaction. The relevant regulations, to this effect, are the Payment Services Regulations 2017 (PSRs 2017). Miss P says didn't authorise several transactions and reported this to Barclays in December 2021.

I have listened to the calls Miss P had with Barclays' telephony staff and I've reconciled the

transactions she disputed on them against the list Barclays has sent me. I note this was shared with Miss P by our Investigator, and she hasn't raised any subsequent issue with this. Given these are the transactions Barclays were asked to refund by Miss P, and she hasn't raised any issue with the list, I think it's reasonable that they only form the subject of this part of the decision.

Barclays made several pre-credits to Miss P's account based on the transactions she had raised. But later Miss P informed Barclays that a substantive number of transactions she'd raised as unauthorised were in fact authorised by her. So it's clear there was an error made on her part – albeit one she proactively sought to rectify.

I've looked at the figures that Barclays have provided to show how it retracted the pre credits, and then removed some transactions that had already been reported before and removed the one's Miss P said she had in fact made. Barclays then refunded Miss P the transactions she'd claimed against following its review.

Miss P's account had been left in overdraft and her withdrawal of benefits further increased her debt. When making the residual refund to Miss P for recalculated disputed transactions, Barclays offset this against what she owed it.

Firstly, I'm satisfied that Barclays has acted fairly when removing the pre credits and reworking out the refunds based on transactions Miss P says she had made – and for one's she'd claimed for previously. Barclays don't appear to have looked further into how the payments it refunded, and Miss P disputed, were authorised. Given Miss P's previous inconsistencies, I don't think Barclays would have acted inappropriately had it investigated these further.

But Barclays refunded the rest of the transactions to Miss P, and I don't think it could have done more. Its decision to offset this against what Miss P owed it is in line with its terms, and fair in the circumstances of this complaint.

I note Barclays offered Miss P £100 compensation for giving her incorrect information about whether transactions had been refunded or not. This was a proactive offer from Barclays, and I don't think it needs to do more. It's up to Miss P to accept this with Barclays.

### *Account transfers*

There are several key questions I need to address to determine this complaint point:

- Is there sufficient evidence to show Miss P's devices and home wi-fi network were hacked allowing fraudsters to carry out the account transfers under dispute?
- Did the fraudsters send Miss P fake bank statements and impersonate her on calls with Barclays?
- Was Miss P in hospital and incapacitated to the extent she didn't carry out the transfers?

Miss P has sent in letters from the hospital which show she was admitted between (1) 26 January 2021 until 17 March 2021 for Covid, and (2) between 5 September 2021 until 1 October 2021. I've also listened to calls Barclays has provided me where the mobile banking app was successfully opened on 8 April 2021. This call was made at a time when Miss P wasn't in hospital. The illness Miss P was in hospital from January to March 2021 was Covid. I note she says she couldn't talk during the time the April call took place and so says it wasn't her. But the throat illness was something she appears to have been

hospitalised for from September to October 2021. I do however note she says she had breathing difficulties.

I've also listened to calls Miss P has had with this service and various other calls including the one's where she reported disputed transactions to Barclays in December 2021. Having listened to these calls, I'm satisfied it was Miss P on the call with Barclays in April 2021.

It follows then that as the mobile banking app was opened and registered on Miss P's phone, and then a savings account, I'm satisfied it was Miss P who did so – and not somebody impersonating her. And from what I've said above about the dates of hospitalisation and the reasons why, I think Miss P would have likely been able to talk to Barclays in April 2021.

The account transfers were also made between December 2021 and January 2022, and I haven't seen anything to suggest Miss P would have been incapacitated during this time.

Miss P says that a fraudulent savings account was opened in her name. Barclays say she only had the one savings account which was opened in April 2021. Barclays' statement cover page from April 2021 also shows Miss P only had the one savings account. So based on this I'm satisfied that there was only the one savings account which she opened on the phone in April 2021.

Miss P says the transfers she disputed were made by fraudsters who had hacked into her devices through her network. She says that both Action Fraud and the Police have concluded that this is what had happened. Our Investigator contacted the police officer contact Miss P gave us and they said she had been contacted about the matter but had not provided anything of evidential value. So the investigation has been closed unless further evidence is provided.

The police officer also said they had not examined Miss P's phone in relation to any potential hacks. Similarly, I haven't seen any compelling evidence from Action Fraud to say Miss P was the victim of hacking or any other sophisticated fraud involving fraudulent bank statements and intercepted post. I would add also that the photos Miss P has sent of phone screens also doesn't show that her device was hacked.

So, after weighing everything up, I'm not persuaded on balance Miss P's disputed transfers were carried out by fraudsters who had hacked her devices. I also think it was most likely her who registered for the banking app and opened the savings account.

It follows that in order to have facilitated these transfers, which Barclays' technical records were authenticated in line with its mobile banking processes, someone would have needed Miss P's PIN to access the app and set-up new payees. I haven't seen any compelling evidence that Miss P's security credentials were gained by an unknown fraudster.

Miss P says she didn't recognise payments with the reference 'loan repayment'. I note that Barclays carried out a check on one of the payments Miss P's transfers in January 2022 which she confirmed she had made. This had the reference 'loan repayment'.

I note Miss P says transfers to an account appearing to be her brother's was fraudulently setup. Our Investigator asked Miss P to send in statements of her brother's legitimate account for the period the transfers were made – but she hasn't been able to do so. This is unfortunate as it would have helped show whether funds weren't made to her brother.

However I do question what Miss P has said about these transfers. That's because she's said that fraudulent transfers were made from her account in December 2021 and

January 2022. But I can see payments out of her account as early as June 2021 to the account she says was a fraudulent one set up in her brother's name. So I'm persuaded its most likely Miss P or someone she authorised carried out the transfers she disputes to having made.

So I don't think Barclays needs to refund Miss P this money.

Lastly, Miss P says every bank transfer from her Barclays account should have been followed simultaneously by an email receipt being sent to her. And as one wasn't, this is indicative of the fraud. But from what I've seen of Barclays' and other banks' processes, this isn't the case.

### *Account closures*

Barclays notified Miss P that it would close her accounts in two months' time in January 2022. Miss P had access to her accounts until they were closed.

Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Barclays and Miss P had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Barclays, I'm satisfied it was entitled to close the account in the way that it has done. I know Miss P would like an explanation as to why Barclays acted in this way – but it is under no obligation to do so.

### *Customer service*

Miss P had around 200 contacts with Barclays. I've been sent many calls to listen to, and records from Barclays' internal systems. Having carefully considered these, I haven't seen any evidence which shows Barclays has failed to provide Miss P with a satisfactory level of customer service. Nor have I seen that she was treated inappropriately by a branch manager.

I appreciate, and don't undervalue, that the issues Miss P was discussing with Barclays would have caused her distress and frustration. But I haven't seen evidence that Barclays has done anything wrong for me to consider awarding any compensation for poor customer service.

Finally, and for the sake of completeness, I note Miss P has sent in a FCA consultation paper on Authorised Push Payment (APP) scams. But what Miss P has alleged in her complaint isn't an APP scam.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 29 March 2024.

Ketan Nagla



**Ombudsman**