

The complaint

Mrs A complains that Barclays Bank UK Plc didn't do enough to protect her when she fell victim to an authorised push payment (APP) safe account scam.

What happened

Mrs A says she received a call from someone (the scammer) purporting to work for her broadband provider. The scammer told Mrs A her computer was being hacked and persuaded her to download software that allowed them access to her mobile phone. From there the scammer withdrew money from Mrs A's Barclays current account and savings account and transferred it first to a newly opened account with an EMI ('R') and later to an existing account she held with another bank ('M'). From there the scammer transferred all the funds into the account held with R. Whilst this account was set up in Mrs A's name, she was not provided with adequate details to enable her to access it and it was not within her control. The scammer also applied for a £25,000 personal loan in Mrs A's name, which was again transferred out of her account.

Date	Time	Transaction type	Amount
20 December 2021	10:46	Faster payment to R	£1,000
20 December 2021	11:13	Faster payment to R	(£7,000 declined due to insufficient funds)
20 December 2021	12:54	Faster payment to M	£9,000
20 December 2021	13:19	Faster payment to M	£1,800
20 December 2021	13:53	Faster payment to M	£10,000
20 December 2021	14:21	Faster payment to M	£10,000
20 December 2021	14:22	Faster payment to M	£5,000
		Total loss	£36,800

Mrs A first informed Barclays of the scam on 23 December 2021. It acknowledged her claim the same day and confirmed it would investigate and try to resolve the issue quickly.

Barclays' business file shows that there was confusion over whether Mrs A's claim related to a scam or a fraud, resulting in a delay of several months before it dealt with the claim.

Mrs A started being chase for loan repayments in February 2022, and this has continued since. In April 2022 Barclays advised her it would be removing her overdraft limit and it later downgraded her account. It appears these decisions were due to the outstanding loan.

During a call on 26 April 2022, Barclays informed Mrs A that she would need to speak to M regarding the £35,800 that was transferred out of her account to the account she held with M, as that loss was not with Barclays. But it accepted that the initial £1,000 had been transferred directly from Barclays to R where it was in the scammer's control. It said it would therefore accept responsibility for that loss and would refund £1,000. Mrs A says to date she has not received this refund.

Barclays issued its final response on 29 April 2022. It said it was not responsible for Mrs A's losses as the funds had first been moved into accounts in Mrs A's name before being transferred into the control of the scammers. It advised Mrs A to contact M and R to recover her lost funds. But it accepted the £25,000 loan had been fraudulently opened in her name.

It stated that Barclays had "*undertaken the necessary measures to remove this from your name and carry out a full credit cleanse.*" It also offered Mrs A £200 compensation in recognition of the "*severe delays*" with the investigation.

Our Investigator initially didn't uphold the complaint, as she didn't think Barclays needed to intervene before processing the payments from Mrs A's accounts. She also considered that Barclays had acted reasonably in agreeing to write off the loan.

In the months following our Investigator's opinion, Mrs A has been in contact with us to say she has continued to be chased for the loan debt by a debt collection agency. Following our intervention, Mrs A received a notification from one debt collection agency that it was no longer administering the debt, but shortly afterwards she was contacted by another debt collection agency. During this time Barclays has confirmed to us that it has failed to take the necessary actions to write off the loan.

The complaint was then passed to me to decide. I issued my provisional decision on 14 September 2023, explaining why I was minded to uphold Mrs A's complaint. I have set out my provisional findings below, but in summary I explained that Mrs A's initial transfer was covered by the CRM Code and should be refunded as such. I considered that Barclays could have prevented Mrs A's subsequent loss had it taken appropriate action when she instructed her later payments which ought to have looked unusual to it. I also concluded that it had caused her substantial distress and inconvenience by failing to write off the loan as it had promised to do.

What I've provisionally 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 so, I'm currently minded to uphold Mrs A's complaint for the following reasons:

- *The initial £1,000 transfer from Mrs A's account should be covered under the Lending Standards Board Contingent Reimbursement Model (the CRM Code). Barclays should therefore refund this plus 8% simple interest from the date it agreed to refund it to the date of settlement.*
- *There's evidence to suggest that at the time of the scam, Barclays was on notice that Mrs A may potentially be falling victim to a safe account scam. Yet the actions it took were not sufficient or appropriate in the circumstances to help protect her from the risk of financial harm. Had Barclays acted as I'd have expected it to Mrs A's loss could have been prevented. I think Barclays should therefore refund Mrs A £10,800 plus 8% simple interest.*
- *Barclays has previously agreed to write off the £25,000 and cleanse Mrs A's credit file. Barclays should ensure this is now completed with no further delay.*
- *In addition to this, it is evident from Barclays' file, and its interactions with Mrs A since, that it failed to properly investigate her scam claim in a timely manner and it then failed to action the redress it has promised her. I consider this has caused Mrs A*

substantial distress and inconvenience over an extended period, and so consider Barclays should award her an additional £800 compensation, in addition to the £200 Barclays has previously paid her.

I will set out my reasons for reaching these conclusions below.

Overall, while it's clear Mrs A was tricked by a scammer, under the Payment Services Regulations 2017 I'm satisfied that the transactions in dispute were authorised by Mrs A. This is because Mrs A provided the scammers with sufficient access to her online banking account to enable them to carry out the payments. She was also aware that money would be leaving her account. So, although she didn't intend the money to go to the scammers, under the Payment Services Regulations 2017 and the terms and conditions of her account, Mrs A would normally be liable for it. And under the terms and conditions of the account, where a valid payment instruction has been received Barclays' obligation is to follow the instructions that she provides. But where a customer made a payment because of the actions of a scammer, it may sometimes be fair and reasonable for a bank to reimburse its customer, even though the payment was authorised.

In deciding this case, I have considered whether Barclays ought to have reimbursed Mrs A under the provisions of the CRM Code and whether it ought to have done more to protect her from potential financial harm before processing the payment instructions. I have also considered its overall handling of her complaint.

The CRM Code

During a call on 26 April 2022, Barclays advised Mrs A that it would refund the initial £1,000 payment on the basis that it was transferred into the R account. I have inferred from this that Barclays recognised that it was liable to refund it under the CRM code. This is on the basis that this initial payment was sent to the account with R that was under the scammer's control. Mrs A says to date she has not received this refund.

As such, I consider that Barclays should refund Mrs A £1,000, as it is required to under the CRM Code. It should also add 8% simple interest to this sum from 26 April 2022 to the date of settlement. While I consider Barclays took too long to reach its initial conclusions, I think it is appropriate that it pay interest from the date it reached its decision as I will address the overall delays in this case separately.

Should Barclays have done more to prevent Mrs A's loss?

In accordance with regulations and good industry practice, Barclays also has a duty to protect customers against the risk of fraud and scams so far as is reasonably possible. If in breach of that duty, Barclays fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for those losses incurred by its customer as a result.

I should note that this duty applies whether the loss occurred from Barclays' account, or at some later point in the payment journey. So, while I understand Barclays has suggested it is not responsible for Mrs A's losses relating to the payment to M - as the funds were transferred to an account in her name before being transferred to the scammers control - this does not absolve it of its responsibility to intervene if it had grounds to believe its customer was at risk of financial harm from fraud. Mrs A's losses, though not arising from the initial transfer, ought to have been, and indeed were, within the contemplation of, and reasonably foreseeable to, Barclays. That's clear from the fact Barclays presented Mrs A with a safe account scam warning. So, I'm satisfied it can be held responsible for the loss Mrs A suffered.

It's clear from Barclays' file that it had recognised at the time the payments were instructed that they appeared out of character for Mrs A's usual account usage. It noted that Mrs A rarely used online banking – prior to her transactions in December 2021 she had previously logged on in February 2021. It also noted that "Paying another own account" had been selected as a payment purpose, which had triggered a written warning to be presented to Mrs A - although the details of this are unclear.

While I think a written warning may have been appropriate in relation to Mrs A's first payment, I consider that Barclays should have been further concerned when a £7,000 transaction that exceeded the account's overdraft limit was attempted, followed by a second payment of £9,000 within a few of hours of the first payment. Looking at Mrs A's bank statements from January 2021, I can't see that she had made any payments close to this size in the past. And given the uncharacteristic use of the account, and the fact that the payment purpose highlighted a potential scam, I consider Barclays should have intervened and spoken with Mrs A before processing the payment. Had it done so I think it would have easily uncovered the scam as Mrs A was not provided with a cover story, and so would most likely have told Barclays that she'd been advised that her account was under attack and that she needed to move money to keep it safe. Barclays would then have been on notice at this point that Mrs A was falling victim to a scam and could have advised her accordingly. I have no reason to believe Mrs A would not have heeded this warning and agreed to any actions Barclays would have suggested to protect the funds within her account.

Overall, I'm not persuaded that Barclays did enough to protect Mrs A from the risk of financial harm from scams. It was the expert and there was enough reason for it to be concerned that she may have been falling victim to a fraud or scam. Had it intervened appropriately, I'm satisfied the scam would have been easily uncovered and Mrs A's loss could have been prevented.

I have thought carefully about whether Mrs A should bear some responsibility for her loss by way of contributory negligence (which might justify a reduction in compensation). But I don't think she should.

Mrs A was unwittingly targeted by scammers. The scam was designed so Mrs A was put under immense pressure to act quickly or risk losing all her money. Mrs A has also explained that at the time she was unwell and not able to think straight, but she was persuaded the caller was legitimate as they provided her with their name and ID number. She said they also asked her to do things on her computer which made her believe the caller was genuinely from her broadband provider. While I accept with hindsight the scam set up may not have held up to scrutiny, I accept that in the heat of the moment a reasonable person put in a similar position might be similarly persuaded that the call was legitimate. Particularly bearing in mind the social engineering and pressure tactics used in the call that made it more difficult for Mrs A to identify and reflect on any warning signs.

I've also considered the impact of the written warning Barclays said it presented to Mrs A. But given that it has been accepted the scammer took control of Mrs A's account and directed all transactions from the account, I consider it most likely the scammer similarly intercepted the scam warning. So, I can't reasonably conclude Mrs A acted unreasonably by failing to follow a warning, as I think it's unlikely she saw it.

In all the circumstances, I don't think there was contributory negligence here. Mrs A was simply a victim of a sophisticated scam. And so, I can't fairly say she was partly to blame for what happened.

Barclays' handling of the case and the impact on Mrs A

Having reviewed Barclays' investigation file, it's clear there have been multiple errors in dealing with Mrs A's initial claim and subsequent complaint.

Initially many months were lost when Barclays was unable to decide whether to consider this as a fraud claim or a scam claim. On 14 February 2022 Barclays wrote to Mrs A to advise "From what you've told us we can see you've been the victim of a scam. Fortunately, we were able to stop the money leaving your account. This means you haven't suffered any loss." It's unclear why this letter was sent to Mrs A as it's apparent from her bank statements that money did leave her account.

Barclays' own claims handlers reflected on the poor service Mrs A had received, with one noting in April 2022 "Can some please take responsibility for the claim and work it, customer is borrowing money and still has a loan outstanding. This has been going on for four months now. Once the scam claim was closed it seems no contact was made with the customer other than to tell them there is no loss, which was very upsetting for the customer as they have lost thousands. Can this be picked up Asap [sic]"

Unfortunately, despite Barclays recognising its own service concerns in April 2022, its handling of this complaint matter has not improved.

Despite Mrs A being told in April 2022 that she would be refunded £1,000 that was sent directly to the scammers this has not happened. But far more significantly, despite multiple assurances that the £25,000 loan would be written off and her credit file cleansed, this has still yet to happen to this day.

Mrs A is understandably worried by this outstanding debt, and the impact it is having on her credit file, and has shared with us her distress that she has continued to be chased for a debt she does not owe. Mrs A informed us in June 2023 that she was so stressed having received further correspondence from Barclays and a debt collection agency that she had been off work as a result.

I understand Barclays offered and paid £200 compensation to Mrs A in April 2022 when it first considered her complaint. I don't think that sum was unreasonable at the time. But I must now consider the overall impact Barclays actions, and more precisely inactions, have had on Mrs A over the past 20 months. And I consider that Barclays' failure to appropriately resolve this and failure to do what it has promised has caused Mrs A substantial distress, upset and worry over a very sustained period. In the circumstances I consider Barclays should pay Mrs A £800 compensation, in addition to the £200 it previously paid her.

My provisional decision

I'm currently minded to uphold this complaint for the reasons set out above. To put the matter right, I require Barclays to:

- Reimburse £1,000 to Mrs A, plus 8% simple interest per annum from 26 April 2022 when it agreed to reimburse her to the date of settlement (less any tax lawfully deductible)*
- Reimburse £10,800 to Mrs A, plus 8% simple interest from 20 December 2021 to the date of settlement (less any tax lawfully deductible)*
- Write off the £25,000 personal loan and take the necessary steps to cleanse Mrs A's credit file*

- *Pay Mrs A £800 compensation for the distress and inconvenience she has suffered.”*

Mrs A and Barclays have both responded confirming they accept my provisional 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.

As both Mrs A and Barclays have accepted my provisional decision, I have no reason to change my decision as set out above. I therefore require Barclays to refund Mrs A for her loss and compensate her for the avoidable distress and inconvenience it has caused.

My final decision

I uphold this complaint for the reasons set out above. To put the matter right, I require Barclays Bank UK PLC to:

- Reimburse £1,000 to Mrs A, plus 8% simple interest per annum from 26 April 2022 when it agreed to reimburse her to the date of settlement (less any tax lawfully deductible)
- Reimburse £10,800 to Mrs A, plus 8% simple interest from 20 December 2021 to the date of settlement (less any tax lawfully deductible)
- Write off the £25,000 personal loan and take the necessary steps to cleanse Mrs A's credit file
- Pay Mrs A £800 compensation for the distress and inconvenience she has suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 2 November 2023.

Lisa De Noronha
Ombudsman