

The complaint

Miss L complains that Barclays Bank UK PLC ("Barclays") won't refund over £2,234 she lost to an employment scam in January 2023.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here. In brief summary, Miss L fell victim to an employment task scam after she was approached on WhatsApp by a fraudulent recruiter ("the scammer") offering a remote working opportunity.

She was assigned tasks but told she would have to send money to the scammer as part of this and in order to receive payment for the work she was doing. This led to Miss L making the following payments from her Barclays account:

Debit Card

05 January 2023 to WISE for £20.06

06 January 2023 to WISE for £90.27

06 January 2023 to WISE for £90.27

08 January 2023 to WISE for £328.98

08 January 2023 to WISE for £1,705.10

Total: £2,234.68

Faster payments (individual payee names anonymised)

03 January 2023 to S for £22.00

04 January 2023 to I for £13.00

05 January 2023 to S for £94.00

05 January 2023 to F for £70.00

05 January 2023 to S for £67.00

05 January 2023 to TransferWise for £150.00

Total: £416

Miss L realised she had been scammed when she was being asked to make increasingly larger payments, so she reported the fraud to Barclays and asked it to consider reimbursing her money.

Barclays conceded that it could've done more to prevent the scam. It therefore agreed to refund 50% of all the debit card transactions (taking into account Miss L's own responsibility towards her loss). In terms of the faster payments, it said it should've intervened from the third transaction. It therefore agreed to refund 50% of the faster payments from this point – giving a total refund of £1,307.84.

Barclays also offered Miss L £100 compensation for the distress and inconvenience caused by its handling of her fraud claim, as it failed to consider it as an investment scam from the outset.

Miss L didn't think this was fair as she thought Barclays should refund the entire amount she lost, so she referred the matter to this service.

Our investigator didn't uphold the complaint. In terms of the faster payments, he noted that these would fall within the scope of the Contingent Reimbursement Model ("CRM Code"). But the investigator didn't think Barclays would need to pay anything more than it had already offered, as he thought Barclays could fairly rely on exceptions to reimbursement under the Code. In terms of the debit card payments, the investigator also didn't think these were unusual enough to warrant an intervention, so overall he thought Barclays' offer was fair. Miss L disagreed, so the matter has been escalated to me to determine.

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 so, I agree with the conclusions reached by the investigator for the following reasons:

It isn't in dispute that Miss L has fallen victim to a scam here. It also isn't disputed that she authorised both the debit card and faster payments she made to the scammer. The payments were requested using her legitimate security credentials provided by Barclays, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether Barclays would be liable to refund the total amount Miss L lost the scam, either in line with its obligations under the CRM Code or otherwise. But having reviewed the evidence, I'm not persuaded it would be fair and reasonable to ask Barclays to refund anything more than it has already offered. I'll explain why.

Faster payments

In terms of the faster payments, under the provisions of the CRM Code, both the bank and its customer have obligations. If it can be shown that the customer has met their requisite level of care, then they will receive full reimbursement. If the customer has not done this, then it is for the firm to show that it has met its obligations under the Code, one of which is the provision of an Effective Warning when the firm identifies an APP scam risk in a payment journey. If a firm has not met its obligations then it, subject to any liability by the bank which received the money, will be liable for 50% of the customer's loss.

In this instance, I'm not persuaded Miss L had a reasonable basis for believing the payments were genuine. She had been approached out of the blue on WhatsApp by a recruiter that she seemingly hadn't registered with and didn't receive any contract of employment from either. This alone ought to have been enough to give considerable concern that something wasn't right, let alone when the employer started asking her to pay frequent sums of money.

No legitimate employer would require its employees to make payments in order to earn money. So, with all the warnings signs present here, I don't consider that Miss L had a reasonable basis for belief when making the payments.

In terms of Barclays' obligations under the Code, I'm not persuaded that it ought to have identified an APP scam risk from the faster payments that were being made. The value of the payments were not significant or unusual, and they were being made to different payees across the space of three days. I therefore do not consider Barclays was required to provide an Effective Warning in these circumstances.

As a result, both exceptions to reimbursement under the Code would apply, meaning that Barclays wouldn't be liable to reimburse anything. Therefore, I'm satisfied its offer of refunding 50% of the payments from the third transaction onwards is fair in these circumstances.

Debit card payments

In terms of the debit card payments, these do not fall within the scope of the CRM Code. However, there are still some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular payment. For example, if it was particularly out of character.

Barclays has already accepted that it should have intervened in light of the unusual payment activity, which is why it has agreed to refund the debit card payments, albeit with a 50% deduction in light of Miss L's own contributory negligence. And, for the same reasons I do not consider Miss L had a reasonable basis for belief when making the payments, I'm also satisfied it would be fair and reasonable for her to share joint responsibility for her loss as a result of her own contributory negligence.

I'm therefore satisfied that Barclays' offer to refund 50% of the debit card payments is fair and reasonable in all the circumstances, and I will not be asking it to increase this award.

Recovery

I've also considered whether Barclays did enough to try and recover the money lost after Miss L reported the fraud. Miss L raised her fraud claim with Barclays on 9 January 2023, but this was only in relation to the debit card payments she'd made to Wise. It only came to light that Miss L was also disputing faster payments as part of the scam when Barclays had further discussions with her in February 2023.

However, Barclays hasn't been able to show that it attempted to recover any of the funds Miss L sent via faster payment, which it ought to have done after it came to light that she was also disputing these payments. But given the time that had passed since the payments had been made, it would've been highly unlikely that any funds would have remained at that point in any event, as more often than not, they are swiftly transferred out of the receiving accounts. So, it doesn't seem likely that Barclays would've been able to recover any of the funds even if it did attempt recovery at the time it became aware of Miss L disputing the faster payments.

In any event, (and in addition to refunding part of the faster payments), Barclays has also offered £100 for its poor handling of Miss L's fraud claim, which I think is fair compensation for its failure to attempt to recover the money.

In terms of the debit card payments to the Wise account, there would've been little prospect of a chargeback claim succeeding here either, so I don't consider Barclays has acted

unreasonably by failing to pursue such a claim.

I appreciate this will likely come as a disappointment to Miss L, and I'm sorry to hear she has been the victim of a cruel scam. However, I'm not persuaded that Barclays would need to pay anything over and above what it has already offered.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 18 March 2024.

Jack Ferris
Ombudsman