

The complaint

Mr C complains that Barclays Bank UK PLC won't refund the money he lost when he was the victim of a scam.

What happened

In early 2023, Mr C's wife received a message through an instant messaging service saying she could earn extra income by completing tasks on an online platform. Mr C then got in touch with the platform and was told the job involved completing tasks and that he would earn commission for each set of tasks completed. He was shown how to open an account with a cryptocurrency exchange, buy cryptocurrency, and then use the cryptocurrency to funds the tasks he was being given to complete. And over the next few days, Mr C made a number of payments from his Barclays account to buy cryptocurrency, which was then sent on to wallet details the platform gave him.

Unfortunately, we now know the platform was a scam. The scam was uncovered after the platform told Mr C he needed to pay in more money in order to withdraw the profit he was told he had been making. Mr C then realised he had been the victim of a scam and reported the payments he had made to Barclays.

Barclays investigated and accepted it had failed to provide effective warnings to Mr C when he made the payments. But it also said Mr C hadn't conducted due diligence into who he was paying. So it refunded 50% of the money Mr C had lost, from the seventh payment onwards – which is when it said it should have done more. Barclays was also able to recover £43.37 from the bank some of the payments were sent to, and paid Mr C £200 compensation for not initially agreeing to refund any of the money he lost. Mr C wasn't satisfied with Barclays' response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought it was reasonable that Mr C was held partly responsible for his loss, and with the point at which Barclays said it should have done more to protect him. So they thought the offer Barclays had made was fair. Mr C disagreed with our investigator, so the complaint has been passed to me.

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.

Banks are expected to make payments in line with their customers' instructions. And Mr C accepts he made the payments here. So while I recognise he didn't intend for the money to ultimately go to scammers, he did authorise the payments. And so the starting position in law is that Barclays was obliged to follow his instructions and make the payments. So Mr C isn't automatically entitled to a refund.

However, the regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Barclays should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Barclays should have identified that Mr C was potentially at risk of financial harm from fraud as a result of any of the payments he made, and did enough to protect him.

Did Barclays do enough to protect Mr C?

Barclays has accepted that it should have done more to protect Mr C from the seventh payment he made onwards. And I agree that this is the point I would have expected Barclays to identify that Mr C could be at risk of financial harm and intervene to carry out additional checks.

The first few payments Mr C made as a result of this scam weren't for particularly large amounts. Other payments had been made out of the account for similar amounts in the months before the scam. And the payments didn't leave the balance of the account at particularly unusual levels. So I wouldn't have expected Barclays to identify that Mr C could be at risk of financial harm as a result of these payments, and I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing them to go through.

But when Mr S tried to make the seventh payment here, for £3,602 on 7 February 2023, I think Barclays should have identified that he could be at risk of financial harm. This payment was for a significantly larger amount than the previous payments. And at this point, Mr C had made a number of payments over the past two days of increasing amounts – which is a pattern often seen with scams. So I think Barclays should have intervened at this point and carried out additional checks before allowing this payment to go through.

As Barclays has accepted that it should have done more and should bear some responsibility for the loss Mr C suffered from this point on, I don't need to consider its responsibility any further and can instead move on to whether Mr C should also bear some responsibility.

Should Mr C bear some responsibility for his loss?

I've also thought about whether it would be fair for Mr C to bear some responsibility for his loss. And while I appreciate this was a sophisticated scam where he was given access to a platform which appeared to show tasks he had been allocated and profits he was making, I do think there were a number of things about what was happening that should have caused him significant concern.

After his wife received the message about it, Mr C doesn't appear to have done significant checks into the platform or the company that was supposedly running it. He doesn't appear to have asked for, or been given, anything to confirm who the people he was speaking to were or how they were connected to the platform. And he doesn't appear to have been shown any independent evidence of the profit any other people had been able to make on the platform. And, as he was being asked to send money to the platform before being able to earn any money, I think it's reasonable to have expected him to have checked these things.

Mr C also doesn't appear to have been sent any documents or paperwork relating to the work he was supposedly doing for the platform. And all the communication he had with the people involved appears to have been through instant messaging services. But this isn't how I would expect a genuine employer to operate, and so I think this lack of documentation and communication in this way should have caused Mr C some concern.

From what I've seen of his communication with the scammers, I don't think the explanations Mr C was given about the work he would be doing, why he needed to pay for it in advance, or why the money needed to be sent in cryptocurrency, were particularly clear. And I don't think Mr C had a particularly clear understanding of these things either. And while it may have been reasonable for him to make some of the smaller initial payments, by the seventh payment he was sending the platform a significant amount of money. And I think it would be reasonable to expect Mr C to have made sure he got a more thorough explanation and clearer understanding of these things before sending this amount of money.

Mr C was told he had earned a significant amount of money in only a few days, which I don't think was plausible. And the amount he was told he had earned and could continue to earn was very high for what appears to be relatively little and relatively straightforward work. So I think this should have caused Mr C significant concern that what he was being told was too good to be true.

By the seventh payment, Mr C had also been told that some of the tasks he had been given to complete were worth more commission to him than others, but that he had to pay significantly more money in before he could complete these tasks and he couldn't be paid any of the money he had earned for completing previous tasks until he did so. The allocation of these tasks to him was also out of his control and seemingly random. And I think work being allocated in this way and him being required to pay such significant amount to complete it, or even be paid for other work he had done previously, isn't how I would expect a genuine employer to operate. So I think this should also have caused Mr C significant concern about whether what he was being told was genuine.

I sympathise with the position Mr C has found himself in. But I think there were a number of things here which should have caused him significant concern, and I don't think he did enough to satisfy those concerns or that the seemingly genuine parts of the scam should have been enough to overcome them. So I think it would be fair and reasonable for him to bear some responsibility for the loss he suffered.

Summary

I therefore think both Barclays and Mr C should bear some responsibility, and so it would be fair for Barclays to refund 50% of the money Mr C lost – from the seventh payment onwards. And as Barclays has already refunded this amount to Mr C, I don't think it would be fair to require it to do anything further.

Recovery

The payments here were made to purchase cryptocurrency that it appears Mr C genuinely received and then sent on to the scammers. So I wouldn't expect Barclays to try to recover the money from these payments – as Mr C received what he paid for from them.

And so I wouldn't expect Barclays to do more than it has already done to try to recover the money Mr C lost.

Customer Service

Barclays has paid Mr C £200 as compensation for initially coming to an incorrect decision on his claim. And, from what I've seen, I think this is fair and reasonable compensation for the distress and inconvenience this incorrect decision caused to Mr C. So I don't think Barclays needs to pay anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 February 2024.

Alan Millward
Ombudsman