

The complaint

Mr B complains that Barclays Bank UK PLC (Barclays) won't refund all the money he lost in an investment scam.

What happened

What Mr B says:

Mr B had invested in crypto currency before and came across an advert on a business communications website to do with crypto investments. He was contacted by someone from a crypto currency club and added to a WhatsApp group with other 'investors'. To invest, he had to send money to his existing crypto wallet ('A'). The funds were then converted into crypto currency and moved by Mr B to another crypto wallet ('B'). He made the following payments:

Number	Date	Payment	Amount
1	8 June 2023	Faster payment to crypto wallet A	£5,000
2	27 June 2023	Faster payment to crypto wallet A	£825
3	27 June 2023	Faster payment to crypto wallet A	£50
4	3 July 2023	Faster payment to crypto wallet A	£30
5	3 July 2023	Faster payment to crypto wallet A	£20
6	3 July 2023	Faster payment to crypto wallet A	£10
	Total		£5,935

After a few days, Mr B logged onto his account at B and found the funds had disappeared. He told us he thought his account at B had been hacked. He then realised he had been scammed and contacted Barclays on 7 July 2023; his case was closed on 20 July 2023. Mr B says Barclays should've done more to protect him and should refund the money he's lost. Mr B also complains that Barclays closed his claim without telling him; and blocked any further payments to A – so he can't invest in bitcoin anymore.

What Barclays said:

Barclays initially closed their investigation in July 2023. Mr B contacted them again and in December 2023, they agreed to pay 50% of his losses. They said they should've done more to protect Mr B; although he also should share some responsibility for not checking the authenticity of the beneficiary of the payments. So - Barclays refunded £2,967.50 plus interest of £129.89. Barclays apologised for not providing the outcome sooner and for that,

paid compensation of £100.

Our investigation so far:

Mr B brought his complaint to us. Our investigator said Barclays didn't need to do anymore. He agreed that Barclays should've intervened in the first payment of £5,000 but didn't. He thought Barclays' deduction of 50% was reasonable, as Mr B didn't carry out any research or recognise the red flags when he made the payments: he was in contact with the scammers using WhatsApp – and a legitimate investment firm wouldn't use WhatsApp. Mr B said he'd invested in crypto currency before – and so should've had concerns about using WhatsApp for that purpose. He accepted Barclays could've handled Mr B's complaint quicker and considered the compensation of £100 was the right amount to pay for that.

Our investigator said it wasn't surprising that Barclays were blocking further payments to A – given that a scam had taken place.

Mr B didn't agree. He said Barclays should be liable for 100% of his losses. And he said again that his account with A still couldn't accept payments from Barclays.

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.

I'm sorry to hear that Mr B has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr B didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case. But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider 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 make 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.

I need to decide whether Barclays acted fairly and reasonably in its dealings with Mr B when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But it doesn't apply in this case. That is because it applies to faster payments made to another UK beneficiary–

and in this case, the payments were made to Mr B's own account with A.

If the payments were of a sufficient size and were out of character with how Mr B normally used his account – then we would expect Barclays to have intervened and spoken to Mr B about them. I looked at Mr B's account, and it's fair to say that the payments were unusual compared to the way in which he normally used his account for payments.

His account was generally used for frequent, but low value payments, and was fed by what looks like transfers from other bank accounts or savings. And – Barclays have accepted they should stepped in when he made the first payment of £5,000 for that reason.

But in assessing Mr B's complaint - I must consider what would've happened had they stopped the first payment and contacted Mr B about it. And here, I must bear in mind that:

- Mr B told us he was a fairly experienced crypto investor.
- He had used his crypto wallet (A) before for that purpose – it was an existing account.
- I can see that although there's no evidence of Mr B making payments to A from his Barclays account, he did get some large payments into it from his crypto wallet (A). For example:

- August 2022: £7,418
- September 2022: £17,645
- September 2022: £534
- October 2022: £17,282
- November 2022: £8,431
- December 2022: £7,286
- June 2023: £647

- So – this suggests that Mr B was an experienced crypto investor.
- And it's therefore reasonable to say that if Barclays had contacted him to question the payment of £5,000, he would likely have said – he was paying the money to his existing crypto wallet; that he had made such payments before; that he had made crypto investments before (and probably with some success) – and he therefore knew what he was doing.
- And – given that, it's likely that Barclays would've reasonably approved and released the first payment of £5,000 in any case.

And the subsequent payments after that were for much lower amounts and for those, there's a balance to be made: Barclays can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. In this case, I think Barclays acted reasonably in processing the next five payments (two to six).

So – I consider Barclays aren't liable to refund the money to Mr B. And as they've already refunded half of the payments made by Mr B – Barclays have already paid more to him than I consider they reasonably need to. And so – my decision is that Barclays don't have to do anymore.

Recovery:

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Barclays took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money. I can see that they contacted the provider of Mr B's crypto wallet on the day Mr B contacted them – 7 July 2023. But they were advised on 27 July 2023 that no funds remained. So here – Barclays did what was expected of them.

Mr B has also says that A won't accept payments from Barclays, and so he can't invest in crypto. I considered this and asked him for evidence of any blocked payments – but he hasn't provided anything. We asked Barclays if they had blocked any such payments – and they confirmed that no payments to A have been attempted by Mr B. So, based on this evidence, I can't reasonably say that Barclays have done anything that affects Mr B's account with A. I suggest he contacts A to find out what has happened and try to resolve it that way.

I agree Barclays could've handled Mr B's claim in July 2023 better. They closed it down without giving a reason, and he had to contact them again and provide evidence he'd already given. But here – I consider that the compensation of £100 paid by Barclays is appropriate and nothing more needs to be done.

In summary, for the reasons given, my decision is that Barclays don't have to do anymore here.

My final decision

I do not uphold this complaint.

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

Martin Lord
Ombudsman