

The complaint

Mrs B and Mrs E complain that Barclays Bank UK PLC won't refund the money they lost when they were the victims of a scam.

What happened

In January 2023, Mrs B says she saw a well-known television personality talking about trading in cryptocurrency. She was interested in making some additional income, so searched online and came across a cryptocurrency investment company. And she then made an initial investment with the company and encouraged her daughter, Mrs E, to do the same.

This complaint only relates to the payments Mrs E made towards the investment company from her Barclays account. But Mrs B has been added to the complaint, as some of the money invested originally came from her account.

Mrs E spoke to a manager from the investment company, who got her to download remote access software so they could access her device and showed her how to pay into and withdraw from the investment and monitor the profit she was making on the company's trading platform. Mrs E then made a number of payments to the investment company from her Barclays account, as directed by the manager. I've set out the payments Mrs E made below:

Date	Amount
23 January 2023	£2,500
30 January 2023	£17,500
31 January 2023	£2,500
24 February 2023	£15,000

Mrs E then decide she wanted to withdraw from the investment, but was told she couldn't as she had existing trades open. The investment company told her the trades would be stopped automatically if she paid in more than \$150,000 and, when she said she didn't have this money, the manager then accessed her device and applied for a number of loans in her name. Mrs E then sent the money from these loans on to the investment company, as she was told she would then be able to withdraw her money.

But Mrs E was then given a number of further reasons why she had to wait and couldn't withdraw her money, including being investigated for money laundering and money being stuck between accounts. She was told she had to pay more money in for taxes and charges, and to force the previous money through. Mrs E then made a number of further payments to the investment company, as set out below, before she says she ran out of money and contacted Barclays' scam department.

Date	Amount
1 March 2023	£5,003
1 March 2023	£15,000
1 March 2023	£19,997

2 March 2023	£15,000
6 March 2023	£20,000
9 March 2023	£19,994
10 March 2023	£10
24 March 2023	£9,500
20 April 2023	£15,000
27 April 2023	£15,000
18 May 2023	£20,000
18 May 2023	£20,000

Barclays investigated but said it didn't think there was any way it could have prevented Mrs B and Mrs E's loss. It said it spoke to Mrs E about the payments but she said they were for home improvements, so it had no way to identify the scam or prevent the payments. It paid Mrs E £200 as compensation for not clearly explaining the situation with her loan repayments, but didn't agree to refund the payments she made to the investment company. Mrs B and Mrs E weren't satisfied with Barclays' response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Barclays should have intervened sooner than it did, and didn't think it had done enough once it did intervene. And they thought Mrs B and Mrs E should also bear some responsibility for their loss, so they recommended Barclays refund 50% of the payments Mrs E made, from the second payment onwards. Barclays 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.

Did Barclays do enough to protect Mrs E?

Banks are expected to make payments in line with their customers' instructions. And Mrs E accepts she made the payments here. So while I recognise she didn't intend for the money to ultimately go to scammers, she did authorise the payments. And so the starting position in law is that Barclays was obliged to follow her instructions and make the payments. So Mrs E 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 Mrs E was potentially at risk of financial harm from fraud as a result of any of the payments.

The first payment Mrs E made from her account to the investment company wasn't for a particularly large amount, or for an amount where I'd expect Barclays to have identified it as suspicious based on its size alone. There had been payments out of her account for what I consider to be similar amounts previously. And the payment didn't leave the balance of her account at a particularly unusual level. So I wouldn't have expected Barclays to identify that Mrs E could be at risk of financial harm as a result of this payment, and I don't think it's unreasonable that it didn't take any further steps or carry out any further checks before allowing it to go through.

But when Mrs E tried to make the second payment here, for £17,500 on 30 January 2023, I think Barclays should have identified that she could be at risk of financial harm. This payment was for a significantly larger amount, and for a larger amount than any other payment made out of her account in the months before the scam. So I think Barclays should have intervened at this point and carried out additional checks before allowing this payment to go through.

Barclays has argued that the payments Mrs E made were all sent to an account in her own name with another bank. It says she still had control of the funds after the payments left her Barclays account and the loss didn't occur until later payments were made from her account with the other bank, so it doesn't think it should be responsible for the loss she suffered.

But I don't think Barclays' responsibilities to monitor accounts and look out for signs that its customers may be at risk of fraud stop just because the payments are being made to another account in that customer's name. I think Barclays should have been mindful of common scam scenarios and the evolving fraud landscape including, around this time, the increased use of multi-stage fraud by scammers where funds are sent between customer's own accounts before being sent on. So I don't think the fact the payments were going to another account in Mrs E's name means Barclays shouldn't bear any responsibility or was enough to satisfy the concerns I think it should have had. So I still think Barclays should have carried out additional checks before allowing this payment to go through.

What difference would additional checks have made?

It's not for our service to dictate the checks Barclays should do or the questions it should ask. But banks should take steps designed to protect their customers from the risk of financial harm. And, in these circumstances, I think it would be reasonable to expect those checks to include questions about the purpose of the payment and then relevant follow-up questions and warnings based on the information it was given.

Barclays has said Mrs E was shown a warning before several of the later payments she made, which said:

"Could this be a scam?"

If someone tells you that you need to 'keep your money safe' by moving it to another account, this is definitely a scam. Don't proceed.

No legitimate company or organisation will ever ask you to move money out of your account.

Scammers can also copy telephone numbers to appear legitimate, so always phone back on a trusted number you've found on an official website.

Stop. Challenge. Protect.”

But this warning wasn't relevant to Mrs E's circumstances, or the particular scam she was the victim of. So, even if this warning had been shown when Mrs E tried to make the payment of £17,500 on 30 January 2023, I don't think Barclays would have done enough to satisfy the concerns I think it should have had. And, given the amount of the payment Mrs E was trying to make and how unusual it was for her account, I think Barclays should have carried out some form of human intervention before allowing it to go through.

Barclays has said it spoke to Mrs E over the phone before one of the later payments she made. And its notes on this call show Mrs E said the payment was for home improvements. But the notes are relatively brief and, despite a number of requests, Barclays hasn't been able to provide a recording of this call.

As I explained above, given the circumstances here and the concerns I think Barclays should have identified, I think it would be reasonable to expect it to have asked about the purpose of the payment and then relevant follow-up questions. But the notes don't suggest any relevant follow-up questions about the purpose of the payment were asked or any warnings were given. So, based on the evidence I've seen, I think it's likely Barclays didn't do enough to protect Mrs E in this call, and wouldn't have done enough if this call had taken place before the payment on 30 January 2023 either.

Mrs E has said she was told by the scammers to say the payments were for home improvements. So if Barclays had asked follow-up questions about this, she would likely have continued to say this was the case. But I think Barclays should also have been mindful of common fraud scenarios around this time, including that scammers will often tell victims to mislead their bank and that 'home improvements' is a common cover story they are given to tell.

So I think Barclays should also have warned Mrs E that scammers can ask victims to mislead their banks, but that no genuine organisation will ever ask people to do this and that if she is told to do this it is a scam. And as Barclays is the expert in financial matters in this situation, I think this warning would have carried significant weight with Mrs E and she then wouldn't have made any further payments towards the scam.

So if Barclays had done more to protect Mrs E before allowing this payment of £17,500 on 30 January 2023, as I think it should have done, I don't think Mrs B and Mrs E would have lost the money from this payment or the later payments. And so I think it would be reasonable for Barclays to bear some responsibility for the loss Mrs B and Mrs E suffered from this point on.

Should Mrs B and Mrs E bear some responsibility for their loss?

I've also thought about whether it would be fair for Mrs B and Mrs E to bear some responsibility for their loss. And while I appreciate that this was a sophisticated scam where they were shown a trading platform which appeared to show profit they were making, I do think there were a number of things about what was happening that should have caused them significant concern.

Mrs B and Mrs E say they first found out about cryptocurrency trading from seeing a well-known television personality talking about it at peak time on a major television channel. But they haven't been able to provide any evidence of the show they say they saw, and the only similar information our service has been able to find is of the television personality warning that any clips of them promoting trading are fake. So I think it's unlikely that Mrs B and Mrs E

found out about the cryptocurrency investment company in the way they've said, or that the way they found out about it should have been as reassuring to them as they've suggested.

Mrs E says the manager from the investment company asked her to download remote access software so the manager could access her device. But I wouldn't expect a legitimate company to need this kind of access to a client's device, so I think being asked to download this software and allow this kind of access should have caused Mrs E significant concern.

From what they've said, Mrs B and Mrs E don't appear to have had a particularly clear understanding of how the investment they were making worked, what trades they were making or how profit was generated. And, given the amount of money they were paying into it, I think it's reasonable to expect them to have had a clearer understanding of this before sending the amount of money they did.

Mrs E has also said the manager from the investment company told her to mislead Barclays about the purpose of the payments she was making. But I wouldn't expect a legitimate company to ask a client to do this. So I think being asked to mislead her bank in this way should also have caused Mrs E significant concern.

I sympathise with the position Mrs B and Mrs E has found themselves in. They have been the victims of a cruel and sophisticated scam. But I think there were a number of things here which should have caused them significant concern. And I don't think they did enough, or that the seemingly genuine information they received from the investment company should have been enough, to overcome those concerns. So I think it would be fair for them to bear some responsibility for the loss they suffered.

Summary

As I think both Mrs B and Mrs E and Barclays should bear some responsibility for the loss they suffered, I think it would be fair for Barclays to refund 50% of the payments Mrs E made – from the payment for £17,500 on 30 January 2023 onwards.

And as Mrs E wouldn't have been without this money if Barclays had done what I've set out above, I think Barclays should also pay 8% simple interest on this refund from the date of the payments until the date of the refund.

Mrs E has said the investment company sent her some of her money back to help cover her loan repayments, which appears to be a credit into her Barclays account of £2,479.42 on 9 March 2023. So, as she received this money back, I think it would be fair for this amount to be deducted from the refund Barclays should now pay.

Customer Service

Mrs E also complained that Barclays told her the repayments for her loan would be put on hold, but then chased her for payment and told her she had missed payments and was in arrears.

Barclays accepted that it didn't tell Mrs E once the hold was taken off her loan and the payments were due again, or clearly explain what the hold would mean for her payments. It offered to pay her £200 as compensation for these errors. And, from what I've seen here, I think this is fair and reasonable compensation for the distress and inconvenience this poor customer service caused Mrs E.

My final decision

I uphold this complaint in part, and require Barclays Bank UK PLC to:

- Refund Mrs E 50% of the payments she made from the payment for £17,500 on 30 January 2023 onwards, minus the £2,479.42 received into her account – for a total of £103,512.29
- Pay Mrs E 8% simple interest on this refund, from the date of the payments until the date of settlement
- Pay Mrs E £200 compensation, if it hasn't already done so

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mrs E to accept or reject my decision before 12 July 2024.

Alan Millward
Ombudsman