

The complaint

Mrs B is unhappy that Barclays Bank UK PLC ('Barclays') didn't reimburse her when she was the victim of a scam and with the service it provided.

What happened

Mrs B says that on the evening of 24 March 2022 she received a telephone call from someone who claimed to be from Barclays Bank. She didn't know at the time, but the caller was a scammer. The scammer told Mrs B that someone was attempting to use her account to make a £600 payment and asked her to reset her mobile banking app to maintain her security. Mrs B was talked through the process and asked to provide the scammer with the code she was sent by Barclays. When the scammer gave Mrs B's partner's address, she became suspicious and said she would call back. The scammer became abusive, and Mrs B realised she wasn't speaking to someone from Barclays.

Mrs B contacted Barclays to report what had happened, but the scammer had already gained access to her account and tried to transfer funds. The transactions were blocked by Barclays. The scammer went on to transfer £12,000 from Mrs B's savings account to her current account and then transferred £11,167.56 to pay off a loan Mrs B had with Barclays.

Barclays said that as Mrs B's own funds were used to pay off the loan, she hadn't suffered a loss. Mrs B was advised to contact the loan department. Barclays said it provided incorrect information about Mrs B's card and paid her £25 compensation.

Mrs B was unhappy with Barclays' response. She has explained that at the time of the scam she wasn't working and was using the funds in her savings account to pay her bills. Mrs B is unhappy that Barclays hasn't returned her money and with the service Barclays provided when she was in financial difficulty after the scam.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that as the payment was used to pay off Mrs B's loan with Barclays it wouldn't have seemed unusual to Barclays or caused any concern. And because Mrs B's loan was paid off the investigator said he understood why Barclays didn't treat the matter as fraud and referred Mrs B to its loan department.

Mrs B didn't agree with the investigator's findings and her complaint was passed to me. After reviewing it I contacted Barclays to explain why I thought it should compensate Mrs B (£200) and reimburse the fees she was charged when the loan was paid off early. I agreed there was no loss but said that Barclays ought reasonably to have provided additional support and liaised with the loan department on Mrs B's behalf.

Barclays agreed with my recommendation, but Mrs B didn't accept the offer. She said that because of Barclays' failure to protect her account she lost her home, her job and her children had to live elsewhere as she could not afford to pay her bills. Mrs B thinks Barclays should have provided her with more support.

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've seen evidence from Barclays which supports Mrs B's testimony. At the relevant time Barclays sent an activation code to Mrs B's registered mobile device which was used to set up a new banking registration. By providing this code to the scammer, Mrs B gave access to her account. After this, the scammer tried to make two payments to the same recipient, but the transactions were blocked. There was then a transfer from Mrs B's savings account to her current account of £12,000. There appears to be an error on the audit as it doesn't show the loan repayment which was made after this transfer. So there's no evidence that the scammer repaid the loan. Whilst it's highly unusual for a scammer to repay a loan, I have no reason to doubt Mrs B's testimony. But I don't need to reach a finding on this point because of what I say below.

But the rules under which this service operates say that where a complaint is determined in favour of a complainant (Mrs B in this case), I may make a money award which may be an amount I consider to be fair and reasonable for a financial loss (and also pain and suffering, damage to reputation and distress or inconvenience).

In this case, payments to third parties weren't made. Instead, Mrs B's own loan with Barclays was paid off. Whilst I appreciate this was inconvenient and caused Mrs B difficulties, there was no financial loss to her. The funds that were taken without her consent were used to pay off a debt that she owed. So I can't ask Barclays to pay Mrs B the amount that was transferred to pay off her loan with Barclays.

I turn to the amount of compensation that should fairly and reasonably be awarded to Mrs B. Whilst I recognise that she was tricked into doing so, Mrs B provided the scammer with the code that allowed the scammer access to her account. Barclays followed its security procedures in sending a code to Mrs B's registered device, and I consider it acted reasonably in doing so.

Barclays recognised that the subsequent third party transactions were unusual and blocked them. But a transfer from a savings account to a current account and a loan repayment aren't unusual and in the vast majority of cases carry no risk. So, I don't consider Barclays ought reasonably to have recognised that something was amiss or put additional steps in place to protect Mrs B when the transfer between accounts took place or the loan was repaid.

As I have said to both parties, I consider that Barclays should have done more to support Mrs B when she notified it of what had happened. Mrs B contacted the fraud department and was asked to get in touch with the loan department (although this didn't happen immediately). I consider the fraud department could have liaised directly with the loan department on Mrs B's behalf and explained what had happened to see how Barclays could help. This is particularly so given the fact Mrs B told Barclays she was in financial difficulty as a result of her savings being used to pay off the loan. For these reasons, I suggested a compensation payment of £200. I also said that Barclays should refund the charges Mrs B incurred in paying the loan back, plus interest. For the reasons I have already explained, I still consider compensation of £200 plus reimbursement of costs and fees associated with the early repayment of the loan to be a fair resolution to this complaint.

Mrs B has referred to the huge impact of the scam as she didn't have access to funds to pay bills. I'm not satisfied that Barclays is responsible for the wider consequences of the loan being repaid earlier though. Mrs B has a duty to mitigate her loss and could have contacted Barclays' loan department directly to try to reinstate the loan or possibly taken out a new one. There is no evidence that she took any steps to try to resolve matters with Barclays' loans department.

Overall, I consider Barclays could have provided better support at a difficult time for Mrs B and should put things right by making the award I have set out below.

My final decision

For the reasons stated I uphold this complaint and require Barclays Bank UK PLC to:

- Refund all costs and charges incurred by Mrs B as a result of the early repayment of the loan; and
- Pay interest on the above amount(s) at the rate of 8% simple per year from the date of each payment to the date of settlement.
- Pay £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 May 2024.

Jay Hadfield
Ombudsman