

The complaint

Mr B complains Barclays Bank UK Plc won't refund about £78,000 he says he lost to an investment scam.

Mr B is represented in this complaint, but as it's his complaint I've referred mostly to him.

What happened

After seeing some adverts on a well-known social media platform, Mr B was persuaded to make some investments. Mr B made a series of payments to a cryptocurrency wallet in his name, at Coinbase, and then sent funds from there on to the scammer.

Mr B later became concerned he had been scammed and complained, via a representative, to Barclays. Barclays said they wouldn't be providing a refund as they had spoken to Mr B in relation to the largest payment, they had asked him appropriate questions and had given appropriate warnings, but Mr B still wanted to go ahead with the payment. They also said the Contingent Reimbursement Model (CRM) didn't apply to Mr B's transactions, since they had all been paid to another account in his name.

Mr B referred his complaint to our service. An Investigator considered Mr B's complaint and he said, in summary, that he thought Barclays had acted appropriately by intervening in one of the payments Mr B made and based on the information Mr B had given them, didn't think they could've done anything more to have prevented him falling victim to the scam.

Mr B didn't agree. He said some of the things he'd said during the call to Barclays should have alerted them that he was being scammed. In particular, he said some things about Coinbase which weren't correct and mentioned that the investment had been endorsed by a well-known public figure.

As Mr B didn't agree, the complaint was passed to me.

I issued a provisional decision. I've set out my provisional findings again here and they form part of this decision.

Provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no dispute Mr B has fallen victim to a cruel scam nor that he authorised the payments he made to his cryptocurrency wallet. The payments were made by Mr B himself, using his security credentials provided by Barclays.

Generally, financial businesses should follow their customers' instructions in relation to legitimate payments, and, as I've already explained, Mr B did instruct Barclays to make these payments. However, there are some situations in which financial businesses should reasonably have looked more at their customers' payments before allowing them to proceed.

So I've also considered whether Barclays should have done more to prevent Mr B from falling victim to this scam.

The second payment Mr B made to his Coinbase wallet was for £45,000. Based on Mr B's normal account usage, this was a substantially large and unusual payment so I'd expect it to have triggered Barclays' fraud prevention measures – which it did. Barclays stopped the payment and called Mr B to discuss it. I've listened to this call.

The call lasted about 18 minutes, during which Mr B was asked a lot of questions. Mr B told Barclays he considered himself a reasonably experienced investor and he was making a payment to Coinbase but not for the purposes of cryptocurrency investment. He said he was using the wallet to make onward payments for investments outside the UK because they didn't charge him to convert the money into other currencies. He also repeatedly referred to Coinbase as a bank. Barclays correctly told Mr B that Coinbase was not authorised by the Financial Conduct Authority (FCA) as a bank – which he said he understood at the end of the call. He also said he'd had this wallet for about 14 years and that he'd sent about £200,000 to Coinbase over the years, despite Coinbase not having been operating this long and he did mention the involvement of a public figure. I think some of Mr B said, particularly about Coinbase being a bank and the involvement of a public figure, should have prompted Barclays to ask even more questions but overall, I don't think this would've made a difference.

I say this because Mr B was clear in the phone call that he'd not done any checks but understood the investment he was making wasn't regulated. He told Barclays the name of the "operating system" he thought he was investing in. A google search shows this is a cryptocurrency but there were no warnings about this on the FCA register at the time. So I don't think this should've alerted Barclays there was a problem. He also said no one had advised him to send money to the cryptocurrency wallet, so to Barclays this would've indicated a lower risk of financial harm. But he had been told to send the money – by the scammer. Mr B did not tell Barclays that he was in contact with a broker about the onward payments or the name of that company. He didn't mention when asked about whether he'd clicked on any social media adverts/forms, that he'd found the investment opportunity on social media even though he had found it via social media. So I think its unlikely further questioning by Barclays would've revealed the scam to Mr B during this phone call as he didn't mention several relevant factors when asked by Barclays during the call.

Mr B made several further payments to Coinbase between December 2021 and February 2022. However, based on the amounts, I wouldn't have expected these to trigger a further intervention from Barclays. In March 2022, Mr B made a further payment of £20,000. As this was an existing payee on Mr B's account, I wouldn't have expected Barclays to have intervened in this payment either.

Mr B's provided evidence of conversations he had with the scammer. It's clear he had concerns that he might be being scammed as early as December 2021 but continued making payments to the scammer until March 2022. Having reviewed the contact between Mr B and the scammer, I think it's likely Mr B did this in an attempt to retrieve the money he'd already invested. But, because of this, I think it's unlikely any further interventions by Barclays would've prevented the later payments being made. It seems to me that Mr B allowed himself to be persuaded by the scammer to make further payments despite being concerned the investment wasn't genuine, so any warning from Barclays that he might be being scammed would've been unlikely to resonate given he was already aware of this risk.

Mr B's representatives said he was a vulnerable customer and provided medical evidence. They believe his medical condition caused problems with thinking, learning and planning. They say, because of this, Barclays shouldn't have followed his payment instructions. But

Barclays have said they weren't aware of Mr B's vulnerabilities at the time of the scam. And, I haven't seen anything which makes me think they ought to have picked up on anything significant during their conversation with him. So in these circumstances, I can't fairly find Barclays is responsible for Mr B's loss on this basis.

I'm sorry that Mr B's lost such a significant amount of money, in such distressing circumstances. I know that this happened at an already difficult time in Mr B's life and I'm sorry to hear of all that he's been through and the impact it had on his health. However, for the reasons set out above I haven't found Barclays is responsible for Mr B's loss in respect of the scam.

Barclays aren't obliged to refund the payments under the CRM, because, as they explained at the time of the original complaint, the CRM doesn't cover payments made to accounts held in the same name.

It's unclear whether Barclays made any attempts to recover the funds Mr B had lost when he reported the scam to them. But as the funds were transferred onto the scammers soon after the transfers were made from Barclays, it seems unlikely there would've been any money remaining for Barclays to recover in any event.

Barclays offered Mr B £75 because they gave some wrong information when the scam was reported to them. I find that's fair and reasonable in all the circumstances.

Responses to my provisional decision

Mr B's representatives replied to say he accepted my provisional decision.

Barclays did not respond by the deadline.

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.

As Mr B accepted my provisional decision and Barclays did not provide anything further for me to consider by the deadline, I see no reason to depart from my provisional findings.

My decision remains that Barclays don't need to refund any of the transactions Mr B made as part of the scam and that Barclays offer of £75 is fair and reasonable in recognition of the wrong information given when the scam was reported.

My final decision

For the reasons I've explained, I find the £75 Barclays have already offered Mr B is fair and reasonable in resolution of this complaint.

I require Barclays Bank UK Plc to pay Mr B £75, if they haven't done so already. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 April 2024.

Eleanor Rippengale
Ombudsman