

The complaint

Mr K complains that Barclays Bank UK PLC did not prevent scam payments from being received into their customer accounts.

What happened

Mr K was the victim of an investment scam and sent funds to two Barclays accounts as part of it. I'll refer to these as beneficiary one and two. He sent £3,000 in one transaction to beneficiary one, and two transactions of £2,000 and £3,000 to beneficiary two. Mr K thinks Barclays did not do enough to prevent the fraud from occurring and says they should not have allowed the fraudsters to open accounts in the first place.

Barclays provided a final response letter on 17 October 2023 in which it did not accept any liability for the fraud payments being processed. Mr K referred the complaint to our service and our Investigator looked into it. They explained they could not look into the account opening for beneficiary one, as it fell outside of our jurisdiction, and Barclays had opened the account for beneficiary two correctly, in line with their process.

They did not think Barclays missed an opportunity to spot the fraud prior to the payments being processed on either account, however they saw there was £2,100 remaining from the transfer made to beneficiary one. They recommend this be refunded, along with 8% simple interest from 1 May 2022 to the date of settlement.

Mr K did not accept the findings as he still felt Barclays should have spotted the fraudulent activity. Barclays agreed to the recommended redress.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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.

Barclays has signed up to the Lending Standards Board's voluntary Contingent Reimbursement Model Code (the CRM Code). The CRM Code sets out what is expected of the 'Sending Firm' and 'Receiving Firm' (in this case Barclays) when payments are made or received.

In summary, the obligations for the receiving firm states firms should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of APP scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scam; and

- Where the receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

So, I've considered these points.

Barclays has shared relevant information with our service in confidence to allow us to investigate Mr K's complaint. But I'm limited as to how much information I can share with Mr K because it relates to a third-party account. But I'd like to assure him that I've carefully reviewed everything before reaching my decision.

Complaints about receiving banks and any acts or omissions came into our jurisdiction from 31 January 2019. I've seen evidence from Barclays to show that the receiving bank account for beneficiary one was opened prior to 31 January 2019. This means I can't comment on whether there were any failings by Barclays when the account was opened. However, I can consider the account opening for beneficiary two as this occurred after 31 January 2019.

Having done so, I'm satisfied that Barclays followed the correct processes when opening the account, so I can't agree that they made an error in doing so. And it follows that I don't think they could reasonably have been aware that the account would be used for fraudulent purposes when it was opened.

I've gone on to consider whether the general activity on the beneficiary accounts should have given a Barclays cause for concern. Due to data protection issues, I cannot share the information I have been provided with Mr K. But I want to assure him that having carefully reviewed everything available to me, I do not think Barclays should have had any concerns about the accounts prior to the transactions occurring on them. So, I don't think Barclays could have done more to prevent Mr K's loss at the time.

I've finally considered what Barclays did once they were notified of the scam on each account. For beneficiary one, there was only £4.90 remaining in the account and they promptly returned this to Mr K, so I think they acted reasonably on this account.

For beneficiary one, there was £2,100 remaining in the account which Barclays was aware of. However, they did not return this to Mr K as they did not receive an official indemnity. Barclays has accepted that they should have returned these funds to Mr K sooner and I agree with this.

With this in mind, Barclays should now return the £2,100 to Mr K, along with 8% simple interest from 1 May 2022 to the date of settlement. It should provide a tax deduction certificate if Mr K asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Mr K's complaint against Barclays Bank UK PLC in part and recommend it pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 19 July 2024.

Rebecca Norris
Ombudsman