

## **The complaint**

Miss S complains that Barclays Bank UK PLC did not reimburse the funds she lost to a scam.

## **What happened**

Miss S was introduced to a relative of a close friend, who said he was a trader in stocks and shares, I'll call him 'X' for the purposes of this decision. He offered her a friends and family rate if she invested with him. Miss S knew other people who had successfully received returns from X so made some initial investments with him. She received returns as well as her funds back when she requested, so she decided to invest further in X.

Miss S sent a total of £10,000 to X in May 2022. She received a total of £3,200 in monthly returns, but eventually these stopped, and she found it difficult to get in contact with X. She felt she had been the victim of a scam and raised a complaint with Barclays as they allowed X to open an account and they did not identify what she felt were fraudulent payments.

Barclays issued a final response in which it advised Miss S to raise a complaint against the sending bank she sent the payments from. Miss S referred the complaint to our service and our Investigator looked into it.

They did not agree that Barclays had made an error in the circumstances. They did not think Barclays needed to intervene in the payments and they did not fail to recover any funds. Due to jurisdiction rules, they were unable to consider the opening of the account.

Miss S disagreed with the findings and asked for an ombudsman to review the complaint. It has therefore 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 Contingent Reimbursement Model (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 state that firms should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of Authorised Push Payment (APP) scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scams; 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, with this in mind, I have carefully considered Barclays' obligations here.

Barclays has shared information with this Service as part of its obligations under the CRM code which has allowed me to investigate Miss S's complaint – though I am limited to what I can share with Miss S due to Data Protection laws, as this information is confidential.

However, I would like to reassure her that I have carefully reviewed all information provided before issuing my decision.

Banks, Building Societies, and other Payment Service Providers (PSP's) have long standing obligations to ensure that their services aren't being used for fraudulent or illegal activities – so I would expect there to be extensive procedures in place for account openings to prevent accounts from being opened for these purposes.

However, complaints about receiving banks and any acts or omissions came into our jurisdiction from 31 January 2019 – and this is not retrospective. I've seen evidence from Barclays to show that the receiving bank account was opened before 31 January 2019. This means I'm not able comment on whether there were any failings by Barclays when this account was opened.

Miss S made the payments in May 2022, so I've gone on to consider whether the activity on the receiving bank account ought reasonably to have caused Barclays any concern. Whilst data protection reasons mean I can't share any information with Miss S, I don't think there was anything relating to the activity on the account that should have prompted Barclays to have any concerns prior to Miss S making the payments to the account. So, I don't think Barclays could have done more to prevent her loss.

Barclays was first notified that Miss S believed she had been scammed when they received the receiving bank complaint. But by that point, none of Miss S's funds remained in the beneficiary account, so it was not possible to return them to her.

I understand that Miss S will be disappointed in my decision, but I am satisfied that Barclays has acted fairly and reasonably in the circumstances, so I don't recommend reimbursement.

### **My final decision**

I do not uphold Miss S's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 21 November 2024.

Rebecca Norris

**Ombudsman**