

The complaint

Mr H is unhappy that Barclays Bank UK PLC has decided not to refund him after he was the victim of an Authorised Push Payment (APP) scam.

What happened

Mr H found an investment opportunity advertised on a social media platform with celebrity endorsements. Ultimately, he made four card payments totalling £4,124.22. It later turned out to be a scam and Mr H raised a claim with Barclays.

Barclays concluded that the funds were ultimately lost from the account Mr H sent the funds on to, from his Barclays account. It said a claim should be raised with that firm as this is where the funds were then sent on to the scammers. It apologised for the overall impact the scam had on Mr H but said it wouldn't be refunding him.

The investigator looked into the claim and said he didn't think the payments were unusual or suspicious so much so that Barclays ought to have intervened. The payments were made to an account in Mr H's name, before being sent on to the scammer and he'd made a payment of £1,500 shortly before and other larger payments in the six months prior to these.

He went on to say Mr H was being coached by the scammers and they had pre-empted a possible intervention by Barclays. Chargeback wouldn't have been successful and the funds couldn't be recovered after the scam claim was raised.

Mr H's representative responded to say:

- Under the Consumer duty – Barclays ought to avoid causing foreseeable harm. Barclays ought to have been aware that scam victims are encouraged to use e-money remittance accounts to funnel funds to the scammers. It said card payments of this nature ought to now be considered high-risk.
- It asked whether Barclays made any attempt at scam prevention with pop-up warnings to ascertain the payment purpose – which could have led to a positive friction in slowing down the payment journey and provide the consumer with extra information.
- If Barclays had intervened, he would have been honest and explained what he was doing, therefore intervention by Barclays would have exposed the scam.
- Under the Consumer duty the firm must pay due regard to the interests of its customers and treat them fairly and it asks what has Barclays done to adhere to that principle here.
- The pattern of increased spending as well as this being a new payee ought to have been considered as suspicious as Barclays.

These points did not persuade the investigator to reach a different outcome. Ultimately, he was still persuaded the payments did not represent a significant scam risk that meant Barclays ought to have intervened at the time Mr H made them.

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 am satisfied that, to comply with long standing regulatory requirements (including the Financial Conduct Authority's "Consumer Duty", which requires financial services firms to act to deliver good outcomes for their customers) Barclays should by August 2023 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

The Consumer Duty requires firms to act to deliver good outcomes for consumers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Barclays was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. And the card payment system rules mean that Barclays could not in practice delay a card payment, it could only decline ('refuse') the payment.

In reaching the view that Barclays should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks like Barclays do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;
- using the confirmation of payee system for authorised push payments;
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

Should Barclays have recognised that Mr H was at risk of financial harm from fraud?

I have reviewed Mr H's account and the payments he made as part of this scam. Having considered when they were made, their value and who they were made to, I'm not persuaded Barclays ought to have found any of the payments suspicious, such that it ought to have made enquires of Mr H before processing them.

I accept that Mr H made a series of card payments over two days but that doesn't mean payments should automatically be treated as suspicious, particularly when there are no other concerning factors about the payments. And in particular:

- the card payments were being made to an account in Mr H's own name;
- the payments were individually for low value amounts;
- when combined the payments do not total a significant amount; and
- Mr H had funds in the account which he topped up and they don't leave his account in an unusual position.

Whilst the payments are slightly higher than the normal spending on the account for the six months prior, they do not represent a scam risk that I consider Barclays ought to have intervened or prevented them. I also haven't seen that Barclays needed to provide any warnings or interact with him when making these card payments.

A chargeback claim here wouldn't be likely to succeed. The claim here would be attempting to claw back the funds from the account Mr H sent them on to – which as I've said was an

account in his name. And not where the loss occurred. And attempts to recover the funds when the scam was reported would have also failed as we know the funds were sent on from the account the Mr H made the card payments to.

Whilst Mr H has undoubtedly been the victim of a cruel scam, I don't find there were any failings on Barclays part that would lead me to uphold this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 March 2025.

Sophia Smith
Ombudsman