

The complaint

Mr T complains that Barclays Bank UK PLC (Barclays) won't refund money he lost in an investment /advance fee scam.

What happened

What Mr T says:

Mr T says he was scammed before – when he sent £250 to invest in bitcoin and crude oil. He lost the money, although he was told at the time it was worth £1,600.

At the end of March 2023, he was contacted by a woman on the phone who explained the previous investment company had gone bust, but there was still some money in it and she could get it back. The person gave Mr T his personal details – so he thought it was genuine.

At first, he ignored the calls but after a while came to believe what he was being told. The woman was persuasive and they discussed their personal lives and interests – they started to speak romantically.

Mr T was passed to another manager who then arranged various payments. The payments were variously – 'confirmation fees'; 'tax' and 'gas fees'. The payments were to a crypto wallet – which was controlled by both himself and the scammer. The money was then transferred into crypto currency and was lost. The payments were:

Date	Payment	Amount
17 April 2023	Phone payment to money transfer provider – Mr T's account	£3,500
19 April 2023	Faster payment to money transfer provider – Mr T's account	£3,500
4 May 2023	Faster payment to money transfer provider – Mr T's account	£7,900
18 May 2023	Faster payment to money transfer provider – Mr T's account	£8,000
Total		£22,900

Mr T expected that the payments would be used to get a refund of the money he'd lost, but nothing arrived in his crypto wallet. He then got a phone call to say the police had frozen the last payment due to its value being suspicious. He was asked to pay a further £6,300 to unfreeze the payment - and he then realised he had been scammed.

Mr T says Barclays should've done more to protect him. The bank didn't intervene in any of

the payments - even though they were unusual, to a new payee and were high value. Mr T says Barclays should refund all the money plus interest at 8% per annum and pay compensation of £300.

What Barclays said:

Barclays didn't refund any money. The bank said:

- The transfers were to Mr T's own account.
- The statements of the money transfer account showed Mr T had raised a lot of disputes, including payments to the crypto currency provider.
- Therefore, it was for Mr T to raise a dispute with the money transfer provider in question, as the loss occurred from there.
- Mr T didn't act responsibly – he was trying to get a refund of £250 from the old investment but paid out a lot more than that.

Our investigation so far:

Mr T brought his complaint to us. Our investigator didn't uphold it. She said:

- Barclays spoke to Mr T about the first payment but he wasn't truthful on the call. The bank provided scam warnings on the call.
- Barclays also spoke to Mr T on 10 May 2023 when they suspected some crypto payments may have been fraudulent. He was asked to go to a branch to discuss these.
- But after that, he still went ahead and made the further payment of £8,000.
- There was another call on 17 April 2023 – Mr T was applying for a loan but wasn't truthful about its purpose – he said it was for family support and general living costs.

Mr T didn't agree. He said the intervention by the bank wasn't good enough. More open questions should've been asked. Mr T asked that an ombudsman look at his complaint and so it has come to me.

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'm sorry to hear that Mr T has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr T didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Barclays should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Barclays acted fairly and reasonably in its dealings with Mr T when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. That is because it applies to faster payments made to another UK beneficiary– and in this case, the payments were made to Mr T's own account with the payments firm.

If the payments were of a sufficient size and were out of character with how Mr T normally used his account – then we would expect Barclays to have intervened and spoken to him about them.

It's fair to say that the payments were unusual – Mr T used his Barclays account for small payments, usually less than £100. So we would've expected Barclays to take some action and intervene – which the bank did.

On 17 April 2023, the bank stopped the first payment and spoke to Mr T. I listened to the call. The line was bad but I'm satisfied that the communication was clear enough for the messages to be understood between Mr T and the bank. The important points made were:

Barclays: *the payment of £3,500 has been held for checks. Have you made this (type of) payment before?* Mr T: yes

Barclays: *Where did you get the sort code and account number from?* Mr T: it is my own account, so I have the details. I have my card on the account. The payment is for crypto currency.

Barclays: *Have you used this account (for crypto currency) before?* Mr T: yes, have done it before.

Barclays: *We want to ensure no scam or fraud is involved...we don't want you to lose money at all.*

Barclays: *Are the payment details correct?* Mr T : yes.

Barclays: *Crypto currencies must be understood.* Mr T: I know all about it.

Barclays: *It is high risk – be careful, if you know (all about it), OK?* Mr T: I know all about it.

Barclays: *Make sure you've done your checks and due diligence...if this is a scam, we won't be able to get the money back.* Mr T: OK.

On 10 May 2023, the bank stopped some smaller payments in respect of some crypto purchases and called Mr T. I listened to this call also.

The bank said there were suspicious transactions on Mr T's debit card. The bank asked if the payments were to his own account or to someone else. Mr T said '*someone else*'. The bank then said they suspected a fraud was taking place and he may have been making payments to a fraudster. Barclays asked him to go to a branch with ID. Mr T said he would.

We asked Barclays about the branch visit - Mr T visited a branch on 10 May 2023. He provided his ID. But no more information is recorded as to what was discussed. I can see payments for £30, £53, £60 and £70 were debited to Mr T's account.

Whether these were directly connected to the scam in question, it is not clear. But the main point here is – Barclays gave Mr T a firm warning that he may have been falling victim to a scam. And so, in general terms, he should've been wary of this.

But then, Mr T went ahead and made the further payment of £8,000 a few days later – after Barclays had told him they suspected he was involved in a scam.

Mr T argues (through his advisors) that Barclays' interventions weren't good enough. He says they should've asked more probing questions; and then because of the suspicions the bank had that Mr T was exposed to fraud - not allowed the next payment for £8,000 to go through.

There are two sides to this – while it is possible that Barclays could've pushed Mr T for more answers on the call on 17 April 2023, it is also the case that he was not very open on the call and seemed reluctant to engage or give answers to Barclays. The main points are that Mr T said 'he knew all about it', and had done his checks – and Barclays warned him about the risk of scams, and that he could lose his money.

I considered whether Barclays did enough in the interventions they made here, and in the overall circumstances of this case. And on balance, taken in the round, I think they did. They provided enough warnings to Mr T about what he was doing – but equally, Mr T wasn't very forthcoming either. I think it is also reasonable to say that Mr T must take some personal responsibility – he had been warned about the possibility of scams but was still willing to pay £22,900 to get back £1,600.

Recovery: We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Barclays took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money. I couldn't see that Barclays tried to get any money back.

But here, the funds went from the bank account to a payments business and the loss occurred when the money was then forwarded to the scammers. In this case, as the funds had already been forwarded on, there wasn't likely to be anything to recover. I'm also mindful that Mr T didn't contact Barclays until October 2023 – five months after the payments were made, so it wasn't likely any funds would've remained.

On balance, I'm satisfied that Barclays did enough to warn Mr T of the possible risks of the payments he was making. And therefore, I am not asking the bank to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 4 December 2024.

Martin Lord
Ombudsman