

The complaint

Miss Z is complaining that Barclays Bank UK PLC didn't do enough to prevent her from making payments to a scam, and didn't refund the payments she made.

What happened

Both parties are familiar with the circumstances of the scam, so I'll only summarise them here.

In 2023 Miss Z became involved in cryptocurrency investment scam. The scam operated as a pyramid scheme, and it looks like Miss Z was initially able to make withdrawals from the scam before it became clear at around the end of November 2023 that no more withdrawals could be made.

Miss Z made payments to a cryptocurrency exchange, which she then sent on to the scam.

I've listed the payments that I can see Miss Z reported to Barclays as scam payments, as follows:

Date	Payment type	Amount
26 August 2023	Debit card payment	£20
26 August 2023	Debit card payment	£100
26 August 2023	Debit card payment	£250
2 September 2023	Debit card payment	£20
2 September 2023	Debit card payment	£100
3 September 2023	Debit card payment	£600
10 September 2023	Debit card payment	£68.82
17 November 2023	Debit card payment	£10
17 November 2023	Debit card payment	£179
20 November 2023	Debit card payment	£210
20 November 2023	Debit card payment	£240

Miss Z also made two further payments to the cryptocurrency exchange of £40 and £100, but I can't see that they've been raised with Barclays as part of the scam. I'm mentioning these payments here for completeness, but they don't make a difference to the outcome.

When Miss Z reported the scam Barclays raised chargeback claims with the merchant (the cryptocurrency exchange) and temporarily refunded the disputed transactions to Miss Z's account. However, the merchant disputed the chargebacks, explaining that it had provided the service Miss Z paid for. Barclays re-debited the funds from Miss Z's account.

Miss Z complained to Barclays, and then to us. Our investigator looked into what had happened, but she didn't think Barclays should have intervened to prevent the scam payments, because she didn't think they would have looked suspicious or out of character. Miss Z didn't agree, so her complaint's been passed to me for review and 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.

I'm very sorry to disappoint Miss Z as I can see she feels strongly about this, but I'm not upholding her complaint. I'll explain why.

The investigator has asked Miss Z for some more information to establish that she has lost funds to the scam. This is because the nature of this scam was that initially, people were able to make withdrawals from it when other investors were recruited. I can see from the chat Miss Z provided that in the early stages she was able to make withdrawals from the scam, and on 26 November 2023 when the difficulties withdrawing funds began she does say she's "*about even*" which would suggest she may not have suffered a loss from the scam overall. However, I intend to proceed with my decision on the basis Miss Z *has* suffered a loss to the scam, because it doesn't make a difference to the outcome of this complaint.

I've thought about the Contingent Reimbursement Model (CRM) code which can offer a potential means of obtaining a refund following Authorised Push Payment (APP) scams. But the CRM code doesn't apply to payments made by debit card, so Miss Z's payments are not covered under it. I've therefore considered whether Barclays should reimburse Miss Z under any of its other obligations.

It's not in dispute that Miss Z authorised the payments, and Barclays do have a duty to act on her instructions. But in some circumstances, Barclays should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that banks such as Barclays process high volumes of transactions each day. There is a balance for them to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I have reviewed the available statements which show Miss Z's general account activity, along with the payments she made to the scam. And 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 Miss Z before processing them.

While I understand the value of the payments was significant to Miss Z, they were simply not of a value where I'd expect Barclays to be concerned about Miss Z being at risk of financial harm from a scam. The disputed payments were made over a three-month period, and didn't escalate in frequency or value, in the way that can sometimes indicate a scam may be taking place. I've taken into account that the payments were made to a cryptocurrency exchange, and at the time the payments were made I'd expect Barclays to have been aware of the increased risk to its customers of multistage fraud, often including payments to cryptocurrency. But that doesn't mean payments to cryptocurrency should automatically be treated as suspicious, particularly when there are no other concerning factors about the payments, as is the case here.

Taking all the circumstances into account, I don't think it was unreasonable for Barclays not to view the payments as suspicious, such that it should have carried out any additional

checks or given an additional warning before processing the payments. So, I don't think Barclays ought to have done any more to prevent the scam payments Miss Z made.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules.

I can see that here, Barclays did raise chargeback claims with the merchant, but the merchant disputed these – because it said it did provide the service Miss Z had paid it for, in providing the cryptocurrency she had bought from it. Looking at what happened here, I don't think Barclays could reasonably have done anything more to recover Miss Z's funds.

I can understand how frustrating it must have been for Miss Z when the funds were returned to her account, but then re-debited, after the chargeback claim was unsuccessful. However, it's not uncommon for payments to be temporarily refunded when they're in dispute, and it looks like Barclays did tell Miss Z the refund was temporary and gave her 14 days' notice that the funds would be re-debited, which I think is reasonable. So, I don't think Barclays treated her unfairly here.

I'm sorry to disappoint Miss Z. I can understand why she'd think that payments she made to a scam should be refunded. But because I don't think Barclays ought to have done anything more to prevent the payments being made, it wouldn't be fair or reasonable to ask it to refund them.

My final decision

My final decision is that I'm not upholding Miss Z's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 6 April 2025.

Helen Sutcliffe
Ombudsman