

The complaint

Mr A complains that Barclays Bank UK PLC refused to refund him for several cash withdrawals which he said he didn't make.

What happened

Mr A had an account with Barclays.

On 23 February 2023, a payment of just over £4,000 was made into Mr A's account. Mr A has explained that these funds were the proceeds of a trust fund set up with another business, which I will refer to as F. Mr A has said that this money was intended to be used to pay for his university fees.

On 24 February 2023, two further payments of £3,000 and £1,000 were made into Mr A's account, from an individual I will refer to as Ms B.

Between 23 February and 27 February 2023 all of the money paid into Mr A's account was removed from the account through cash withdrawals using ATM's and an ASD machine at a Barclays branch.

Following this Barclays were notified by Ms B's bank that she she'd been the victim of a scam, and asked her bank to try and get her money back from Mr A.

On 27 February 2023, Barclays blocked Mr A's account. On 1 March 2023, Barclays wrote to Mr A and asked him about the money he'd received from Ms B. Mr A contacted the bank and told Barclays that he didn't know anything about the money that had been paid into his account from Ms B. He said someone had stolen his bank card and he didn't know anything about the activity on his account. He also said he'd never made any of the withdrawals and last used his bank card between 16 and 20 February 2023. Mr A told Barclays that he hadn't authorised F to send any money to his Barclays account. So, he asked Barclays to refund him the money he received from F which had been taken out of his account.

Barclays reviewed the disputed transactions and declined to refund them. It felt that it was most likely that Mr A had made or otherwise authorised the transactions. Barclays also decided to close Mr A's account immediately. In summary Barclays said:

- Mr A hadn't reported his bank card as lost or stolen to them.
- During the time that the disputed transactions were made there were numerous mobile banking logins on numerous dates using touch ID, and Mr A's passcode, using the mobile phone that Mr A had registered on his account and used previously, and Mr A hadn't given a plausible explanation as to how these could have been done by someone else.
- Mr A's genuine card and PIN had been used to make all the withdrawals. Some of the withdrawals were made using an ASD machine in a bank branch, which required an additional level of security – namely Mr A's date of birth. Mr A hadn't provided a

plausible explanation for how an unknown third party could be become aware of his banking credentials and personal information.

- It had closed Mr A's account in line with the terms and conditions of the account.

One of our investigator's looked into what happened. They asked Barclays and Mr A for more information. Mr A told the investigator that he hadn't reported his bank card as lost or stolen as he thought he'd simply misplaced it. He also said that he hadn't disclosed his PIN to anyone else.

The investigator reviewed all of the evidence and said Barclays hadn't done anything wrong in declining to refund the disputed transactions. She also told Mr A that she hadn't looked into Mr A's complaint about F transferring his trust fund money to his Barclays account, and said that he'd need to take this up with F.

Mr A disagreed so that matter has come to me to decide.

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.

The disputed payments out of Mr A's account

On 23 February 2023, a payment of just over £4,000 from F, followed by two further payments of £3,000 and £1,000 from Ms B on 24 February 2023 were made into Mr A's account. Between 23 and 27 February 2023, several cash withdrawals were made from Mr A's account. Mr A says he did not authorise these payments. Based on what he's told this service and Barclays, he is suggesting that an unknown third party was able to make these payments without his knowledge or consent.

There are regulations which govern disputed transactions. Generally speaking, if the evidence suggests its more likely than not that Mr A authorised the payments,(either by making them himself or allowing someone else to) Barclays are entitled to hold him liable for the disputed transactions. The relevant regulations, to this effect, are the Payment Services Regulations 2017 (the PSRs 2017).

The PSRs 2017 say a payment transaction is regarded as authorised if the payer has given consent to the execution of the payment transaction. If a payment service user (customer) denied having authorised an executed payment – the payment service provider (in this case Barclays) has to prove the payment transaction was authenticated. And if it is deemed that a payment transaction hasn't been consented to, it isn't authorised. PSRs 2017 goes onto say a payment service provider is required to refund the amount of an unauthorised transaction to the payer.

Mr A says he didn't consent to or authorise the withdrawals and is seeking a refund of the money he received from F – he says he knows nothing about the credits from Ms B. Barclays say the evidence suggests the withdrawals were likely made by Mr A, and he is therefore liable for them. So, I need to think about whether the evidence I have suggests the payments were authenticated and whether it is more likely than not Mr A, or somebody with his knowledge or authority, carried out the withdrawals Mr A is now disputing.

Having looked at all the evidence, which includes the technical evidence provided by Barclays, I don't think it's unreasonable for Barclays to have concluded that Mr A more likely than not authorised the transactions. I say this because:

- Barclays has provided technical evidence to show the transactions were properly authenticated for the disputed transactions. The cash withdrawals were made by reading the chip in Mr A's genuine card and someone entering the correct PIN code, and because of the type of machine used for some of the withdrawals which were done using an ASD machine (above £300) it also required Mr A's date of birth.
- This means that whoever made the transactions needed to be in possession of Mr A's bank card, his PIN and know his date of birth.
- Mr A has said that he hasn't disclosed his PIN or security banking credentials to anyone else. And he hasn't said that he has lost his mobile phone.
- Mr A has said that he didn't report his card as lost or stolen as he believed he'd simply misplaced it.
- If Mr A hasn't disclosed his PIN or banking security information, it's unclear how an unknown third party could have guessed Mr A's date of birth and PIN in order to make the withdrawals.
- From looking at Mr A's account activity, the last time Mr A used his bank card which required him to enter his PIN was on 16 February 2023 when he made a cash withdrawal. I've kept in mind that it's possible that someone could have seen Mr A entering his PIN when he used his card (known as shoulder surfing). But I find it unlikely that an unknown third party would then wait for an opportunity to somehow steal Mr A's bank card and then wait several days to try and access Mr A's bank account.
- During the time that the disputed transactions were made there were numerous mobile banking logins on numerous dates using touch ID, and Mr A's passcode, using the mobile phone that Mr A had registered on his account and used previously. Mr A hasn't given any explanation as to how these could have been done by someone else.
- If Mr A had been the person logging into his online banking, I would have expected him to have brought the disputed transactions to Barclays attention much sooner than he did; but he didn't do this until the bank asked him to explain the activity on his account – namely the money he'd received from Ms B. I've also kept in mind that from looking at his online activity Mr A would have been aware the money from F had been paid into his account – which was his trust funds intended to be used for his university fees. And it's likely he would have seen this money being taken out of his account. Given the importance of the intended use of this money, I find it odd that if Mr A didn't make these transactions that he didn't alert Barclays that someone was stealing his money.
- Prior to the money from F coming into Mr A's account, the balance of Mr A's account was under £5. So I also question how a fraudster would know Mr A had funds in his account to steal in the first place – this would have required heavy surveillance of Mr A's account – and I haven't any evidence that any other device other than Mr A's was accessing his account. Based on the evidence, the only person who was aware Mr A was going to be receiving money from Ms B and F was Mr A.

I recognise that Mr A has said that he didn't authorise the withdrawals. But based on the evidence I've looked at it's hard for me to see how an unknown fraudulent third party could have obtained all of Mr A's security information, bank card, and mobile phone to access his

bank account. When I weigh everything up, on balance, the most likely explanation here is that Mr A made the disputed transactions himself or allowed someone else to do so with his knowledge and consent. So, in the circumstances it wouldn't be fair for me to ask Barclays to refund Mr A the disputed transactions.

I've also considered the fairness of the account closure. Banks are entitled to decide who they do business with, and can discontinue services in line with the terms and conditions. The terms of Mr A's account allow Barclays to close the account either with or without notice. Having considered all the circumstances, I've seen nothing to suggest Barclay's decision around closing Mr A's account was unfair. On balance when considering Barclays wider regulatory responsibilities and all the information available to me, I find Barclays had a legitimate basis for closing Mr A's account immediately and did so in line with the terms and conditions.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 October 2024.

Sharon Kerrison
Ombudsman