

The complaint

Mr R complains that Barclays Bank UK PLC ('Barclays') hasn't refunded the money he lost to an authorised push payment ('APP') scam.

What happened

On 8 December 2023, Mr R received a call on his mobile from a third party ('the scammer'). The scammer knew Mr R's full name and address. He also claimed to work for Barclays, who Mr R banks with.

Mr R was told that Barclays had identified some suspicious transactions on his account and the scammer was calling to ask him about these. Mr R explained that he hadn't made the transactions the scammer listed. Mr R logged on to his Barclays Mobile Banking app, but couldn't see the transactions the scammer referred to. The scammer explained this was because they had blocked the transactions before they debited Mr R's account.

The scammer advised Mr R that to keep his funds safe, he would need to delete the Barclays Mobile Banking app, which Mr R did. The scammer told Mr R to go to his nearest Barclays ATM to get an activation code to re-register for the Barclays Mobile Banking app. Again, Mr R followed the scammer's instructions, and he received an activation code from Barclays shortly afterwards by SMS.

The scammer called Mr R again and during this conversation, Mr R shared the activation code with the scammer. Barclays' electronic records show that a new device was then registered to Mr R's account and shortly afterwards a £9,500 payment was attempted to Mr R's own account with a cryptocurrency provider ('C').

Barclays flagged the payment to C as suspicious and didn't approve it. Barclays says it phoned Mr R and left a message for him to call back, but as it didn't hear back from him, the payment was cancelled. Mr R has denied making this payment attempt and says he didn't receive any calls or voicemails from Barclays.

When the £9,500 payment to C didn't go through, the scammer called Mr R again and told him to reinstall the Barclays Mobile Banking app, which Mr R did. The scammer told Mr R that his funds were at risk and to keep them safe, he would need to transfer £9,500 to his account with C. Barclays has confirmed that Mr R proceeded to make the payment via open banking. As a result, Mr R wasn't shown any warnings by Barclays when the disputed payment was made.

Once Mr R had done this, the scammer guided Mr R through the process of buying Bitcoin ('BTC') for £9,262.23, before sending the BTC to a digital wallet address which Mr R didn't have control over, under the proviso that this would keep his funds safe, until his account was secured, at which time the funds would be returned.

Mr R was then advised to transfer his savings into his current account and told to transfer £2,500 to his account with C. Mr R tried to do this, but the payment exceeded his daily limit, and he was prevented from moving the funds. At this point, Mr R realised he'd been the victim of a scam and he called Barclays to report what had happened and to log a complaint.

Barclays initially logged a scam claim for Mr R. However, when it became aware that the £9,500 payment had gone to Mr R's own account with C, it withdrew the claim. In its response to Mr R's complaint, Barclays said it wasn't responsible for refunding Mr R's loss because the payment was made via open banking and therefore Mr R's scam claim couldn't be considered in line with the Lending Standards Board's Contingent Reimbursement Model Code ('the CRM Code') and he wasn't entitled to a refund because he'd made genuine payments to C prior to the scam taking place.

Unhappy with Barclays' response, Mr R referred his complaint to this service. Our investigator agreed that the CRM Code didn't apply to Mr R's scam claim (because the disputed payment was made to Mr R's own account with C, not because the payment was authenticated via open banking). However, our investigator felt Barclays should've done more to protect Mr R in the circumstances and, if it had made enquiries before processing the payment, Mr R's loss could've been prevented. To put things right, our investigator recommended Barclays reimburse the £9,500 payment to C, along with 8% simple interest from the date of the disputed payment until the date of settlement.

In response to our investigator's opinion, Barclays agreed that it should've done more to protect Mr R from financial harm. However, it argued that the loss should be shared between the parties as Mr R's own actions made him equally responsible. Specifically, Barclays raised the following points:

- Mr R wasn't called from a Barclays phone number, and he failed to take any steps to verify the scammer was genuinely calling from Barclays;
- Mr R checked his Barclays Mobile Banking app and couldn't see the transactions the scammer called him about, demonstrating he had doubts about the scam call;
- Mr R shared the activation code he received by SMS with the scammer; and
- Mr R had several opportunities to call Barclays before making the disputed payment to C, but failed to do so, despite the scam lasting for several hours and over multiple phone calls.

Mr R didn't agree he should be held partly liable for the loss and so the complaint has been referred 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

However, that isn't the end of the story. Good industry practice required Barclays to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

Barclays has already accepted that it should've done more to protect Mr R from falling victim to this scam and that it could've prevented the loss. I'd agree with that conclusion. It had blocked an earlier payment that was clearly out of keeping with the way that Mr R typically used his account. It should've taken similar steps when he attempted a payment of the same value later that same day and, if it had done so, I'm satisfied that it would've prevented his losses to the scam.

The issue I need to decide then is whether Mr R should be held partly responsible for the loss he's suffered – i.e., was Mr R contributorily negligent?

I appreciate Barclays' comments that Mr R wasn't called from a genuine Barclays number and that he didn't attempt to verify the number he was called from. Mr R's phone records indicate that the initial calls he received came from a phone number that was almost identical to Barclays' genuine Telephone Banking phone number, with two of the final four digits being reversed. However, if Mr R had completed a simple google search of the number, it's likely he would've seen multiple reports of the number being used to carry out bank impersonation scams. So, I agree that attempting to verify the scammer's phone number could've uncovered the scam and prevented the loss.

However, I don't think it's reasonable to expect Mr R to have done this. The scammer knew Mr R banked with Barclays. They also knew his full name and address. So, when this information was provided to Mr R, I think it was reasonable that he thought he was speaking to Barclays. There's nothing in Mr R's testimony about the calls that makes me think he ought to have subsequently questioned the validity of the scammer and so I don't think he was given any reason to verify the number he was being called on. Having had unauthorised access to Mr R's account, the scammer was also able to confirm Mr R had an account with C, which would've made the scam calls more believable. Not only that, but when making the payment, Mr R wasn't provided any scam warnings by Barclays or given any recommended steps before making the payment, such as checking the phone number he'd been called on.

I don't agree with Barclays' comments that Mr R had doubts about the validity of the scam call because he logged into his Barclays Mobile Banking app to check the transactions that had been reported to him. I think it's perfectly natural that someone in Mr R's situation would seek evidence of the transactions themselves and to check for any other unauthorised transactions on the account. I'm not persuaded this shows Mr R had doubts about the call and the scammer's explanation as to why the transactions weren't visible is plausible.

When Mr R shared the activation code with the scammer, I'm not persuaded he was aware that he was providing a third party with access to his account. It's not reasonable to expect a customer to know the internal processes for registering for Barclays Mobile Banking app, especially when they are of the belief that fraud has been attempted on their account and restrictions have been put in place.

Mr R reasonably believed that he was already speaking with Barclays and that the scammer was assisting him in keeping his funds safe. As the scammer had taken several steps to persuade him that the call was genuine, I can see no rational explanation for why Mr R should've felt it necessary to proactively call Barclays to question the validity of the calls he'd had with the scammer, even when the number the scammer called from changed. Mr R was given no reason to be suspicious of the instructions he was given that reasonably ought to have prompted him to call Barclays.

I'm also mindful that at the time of the scam, Mr R was only 18 years of age and naïve to what a bank impersonation scam is, or how it might happen. Regardless of this, I'm not satisfied that Mr R has shown a lack of care that fell below the standard expected of a reasonable person in similar circumstances.

Overall, I'm not persuaded by Barclays' comments that Mr R has been contributorily negligent or that he should share responsibility for the loss he's suffered.

I'm aware that Mr R is also dissatisfied with the correspondence he received from Barclays in relation to his scam claim being withdrawn and his complaint being rejected. I agree that Barclays' correspondence contained errors and failed to adequately explain its reasons for not refunding Mr R. Having said that, I don't think these failings have resulted in distress and inconvenience that would justify awarding any additional compensation.

Putting things right

For the reasons explained, I don't think Mr R ought to share responsibility with Barclays for the money he lost as a result of this scam. To resolve the complaint, Barclays should:

- refund Mr R's loss of £9,262.23 (the value of the BTC he purchased and sent to the scammer) in full; and
- pay 8% simple interest per year on that amount, calculated from the date of payment until the date of settlement.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 November 2024.

Liam Davies
Ombudsman