

The complaint

Mr S is unhappy that Barclays Bank UK PLC won't refund the money he lost as a result of a scam.

What happened

Below is a list of the transactions Mr S has identified as fraudulent (the payments were all card transactions and went to two different merchants):

Payment date	Payment amount	Merchant no.
28 February 2023	£500.00	1
15 March 2023	£100.00	1
19 April 2023	£333.46	2
28 April 2023	£82.82	2
28 April 2023	£248.46	2
31 May 2023	£518.08	1
1 June 2023	£166.85	1
1 June 2023	£83.42	1
1 June 2023	£83.42	1
3 October 2023	£42.61	1
3 October 2023	£42.61	1
13 October 2023	£135.96	1
13 October 2023	£253.88	1
13 October 2023	£297.41	1
17 October 2023	£50.98	1
30 October 2023	£500.00	1
15 November 2023	£300.00	1

What Mr S told us:

Mr S says he's fallen victim to an investment scam. He engaged with three purportedly reputable trading investment firms to manage his funds in the forex market. He used his Barclays debit card to deposit funds, with the expectation of significant profits and financial gains. However, contrary to the promised returns, all three companies incurred losses, resulting in the complete depletion of his funds.

Barclays failed to safeguard his interests – it did not detect irregular activity or intervene to prevent the payments.

What Barclays told us:

- Mr S authorised the disputed payments, and Barclays is obliged to execute valid payment instructions.
- The payments didn't trigger Barclays' security systems and thus, there were no interventions.
- If Barclays had intervened with any of the payments, it's unlikely it would have been able to uncover a risk of fraud.

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 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.

Here, it's not in dispute that the payments were authorised, so the starting position is that Barclays isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Barclays also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable customers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Barclays acted fairly and reasonably in its dealings with Mr S.

I'd like to assure Mr S and Barclays that I've reviewed the complaint carefully in light of all this. I'm really sorry to disappoint Mr S, but in this case I'm not able to recommend that Barclays should be required to provide him with a refund.

I recognise that he made the payments as a result of fraud and I'm really sorry he lost his money. But having looked into what happened, I don't think Barclays should reasonably have been expected to prevent this.

Barclays can't be expected to intervene with every payment a customer makes. It must strike a balance in the extent to which it intervenes in payments, against the risk of unduly inconveniencing or delaying legitimate payment requests.

Having considered what Barclays knew about the payments at the time it received the payment instructions. I'm not persuaded that its fraud detection systems ought to have identified a fraud risk.

I've looked at Mr S' account statements in the six-months preceding the scam, and I don't think the relevant payments were so unusual or suspicious in comparison to the normal account activity that they ought to have alerted Barclays that Mr S may be at risk of financial harm. I say this because:

- Mr S tended to use his account frequently. It was commonplace for multiple payments to debit the account in a single day, and I can see that Mr S sometimes paid the same merchant via multiple payments instructed on the same day.
- The payments were fairly low-value, and in line with the values of other, non-fraudulent payments Mr S instructed.
- The payments were relatively spread out. They were instructed over a nine-month period, with several breaks in activity, and there were no fraud claims made about the merchants involved during the period of the scam. They never decreased the account balance to an unusual level, and they didn't increase exponentially. This is unusual in cases of fraud. The aim of fraudsters, generally, is to procure as much money as they can, as quickly as possible, before they are uncovered.
- It appears that the payments were made to legitimate companies, and I can't see that any warnings had been published about those companies at the time.
- Mr S has said that the payments weren't made in GBP, but I'm not persuaded that, in itself, ought to have caused Barclays concern.

Based on the circumstances of the transactions (as I've explained above). I don't think there were sufficient grounds for Barclays to think that Mr S was at risk of financial harm from fraud when he made the payments. So, I can't say Barclays was at fault for processing the payments in accordance with Mr S' instructions.

Recovery of funds

I've also looked at whether Barclays took the steps it should have once it was aware that the payments were the result of fraud.

I appreciate that two of the payments have been returned to Mr S by the merchant. But my understanding is that the relevant chargeback rules mean it's unlikely a chargeback will be successful where an authorised payment has been made to a genuine merchant, as appears to be the case here. Scammers often trick people into paying for genuine goods and services which are then provided to the scammers, but this does not create a chargeback right against the merchant. Overall, where the prospect of success seems to have been very low, I consider it was reasonable for Barclays not to have pursued chargeback claims for some of the card transactions. Additionally, I understand that Barclays was out of time to raise a chargeback dispute in relation to some of the transactions by the time it became aware that they were the result of fraud.

Conclusion

I recognise that Mr S has been the victim of a cruel scam and I'm sorry he lost this money. But for the reasons I've explained, I think Barclays acted fairly and reasonably in its dealings with Mr S, so I won't be asking it to refund him.

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 S to accept or reject my decision before 9 December 2024.

Kyley Hanson
Ombudsman